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Bridging Centuries

Fin de Siècle All Over Again

Paul Wolfowitz

The scale on which events have shaped themselves [since 1895] has dwarfed the episodes of the Victorian Era. Its small wars between great nations, its earnest disputes about superficial issues, the high, keen intellectualism of its personages, the sober, frugal, narrow limitations of their action, belong to a vanished period. The smooth river with its eddies and ripples along which we then sailed, seems inconceivably remote from the cataract down which we have been hurled and the rapids in whose turbulence we are now struggling.

—Winston Churchill, describing the passage from the last century, from the vantage point of 1938.

AT THE SECOND debate of the 1996 presidential campaign in San Diego, the questions to the candidates came from the audience, a scientifically selected sample of undecided voters. Well into the debate, only one rather peripheral question had been asked about foreign policy, which led the frustrated moderator, Jim Lehrer, to plead for more on the subject. The questioner he then called on dutifully asked about U.S.-Japan trade policy differences. That was the end of any discussion on foreign policy in that debate, or, for that matter, in the campaign itself.

While one might wish that the voters would show more interest in such foreign policy issues as Bosnia, Iraq, or Korea, and object to the tendency to reduce all foreign policy to trade policy, it has to be conceded that there is a certain short-range common sense in the electorate's indifference to issues of foreign policy. The world is a much safer place for the United States and for American interests than it was during the Cold War. And despite the fact that the conduct of foreign policy in Clinton's first term was at best mediocre, the threats to American interests remain relatively small and remote. President Clinton's success in the 1996 election reflects a general public satisfaction with the status quo, abroad as well as at home. The United States is at peace, and to most Americans threats to that peace seem distant, if not rather contrived.

One of the major priorities of the second Clinton administration must be to persuade the American people that complacency is not justified, that foreign policy is still important and that the stakes are very high. This would present a serious challenge for any administration at a time when an understandable sense of relaxation still prevails after the successful end of a protracted and bitter struggle, and when no obvious enemy confronts us. One way of meeting that challenge, one that is particularly appropriate amid all the talk about building bridges to the next century, would be to invite Americans to think about where we stand at the end of this century in comparison to where the world was—and, crucially, where it *thought* it was—at the end of the last.

Paul Wolfowitz is dean of the Paul H. Nitze School of Advanced International Studies at The Johns Hopkins University.

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End-of-Century Optimism

PERHAPS THE SINGLE most important phenomenon of our time is the spectacular economic growth in many previously poor countries—particularly in East Asia but echoed also in other parts of the world—on a scale and at a pace that is probably without historical precedent. The increasingly widespread acceptance of market economic principles, the revolution in information technology, and the advances in productivity made possible by specialization on a global scale have produced unprecedented productivity gains in many of the world's economies, in some cases exceeding 5 percent per year on a sustained basis.

This extraordinary wealth creation is not only lifting tens of millions of people out of poverty and creating vast new opportunities for global trade; it has also led to the emergence of a large middle class in a number of countries that hitherto had almost none. That, in turn, is at least partly responsible for another remarkable phenomenon of our time—the triumph of democracy in country after country, including some that had no previous history of democratic rule. President Clinton was not guilty of exaggeration when he said in his Second Inaugural Address: "It is our great good fortune that time and chance have put us not only on the edge of a new century . . . but on the edge of a bright new prospect in human affairs."

The dawn of the twentieth century was, similarly, a period of exceptionally rapid economic growth. Even Charles Eliot Norton, the Harvard professor who bemoaned the vulgarization of culture brought on by democracy, acknowledged in 1896 that, "There are far more human beings materially well off today than ever before in the history of the world. . . . How interesting our times have been and still are!"[1]

Per capita output growth in the United States, and in most of the countries of Europe (with the important exception of England), was 50 to 100 percent higher in the years 1870-1913 than during the preceding half century, which had been itself a period of accelerated economic growth. Prior to the Civil War, labor productivity in the United States grew at an average annual rate of 0.5 percent (a rate comparable to that of England in the first fifty years of the Industrial Revolution), but in the period 1870 to 1913 productivity growth in the United States *quadrupled* to an average rate of 2 percent.[2]

Although we have become accustomed to faster productivity growth in some of today's more rapidly growing economies, at the turn of the last century 2 percent annual growth was unprecedented, generating a new sense of economic possibilities. In the words of some later economists: "The sustained and significant increases in productivity of industrialized countries beginning in the latter part of the nineteenth century were one of the most momentous developments in modern history."[3]

The optimism at the end of each century has also reflected the experience of remarkable technological progress and the belief in its continuation. At the turn of the last century some of the most important innovations of the Industrial Revolution—the automobile, the airplane, radios, and telephones—were just making their appearance. As Edmond Taylor observed, "The quickening pace of scientific and technological discovery, especially around the turn of the centu-

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[1]Quoted in Barbara Tuchman, *The Proud Tower* (New York: Ballantine Books, 1996), p. 140.

[2]See tables in Angus Maddison, *Monitoring the World Economy, 1820-1992* (Paris: OECD Development Center, 1995), pp. 62-3; Maddison, "Growth and Slowdown in Advanced Capitalist Economies: Techniques of Quantitative Assessment", *Journal of Economic Literature* (June 1987), p. 65; and Marvin Frankel and John W. Kendrick, "Economic Productivity", *Encyclopedia Britannica* (Chicago: Encyclopedia Britannica, 1992), p. 892.

[3]See Frankel and Kendrick.

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ry, contributed to the prevailing euphoria."[4] Today there is a comparable excitement about the growing possibilities of the Information Revolution.

IT IS NOT ONLY economic and technological optimism that have marked the ends of both centuries, but optimism about the prospects for peace as well. If anything, the experience of peace—or at least peace among the major powers—was longer and deeper at the end of the last century than it is in our time. There had been no wars between the major powers for nearly thirty years, there had been nothing comparable to the four decades of the Cold War, and it had been nearly a century—marked by the end of the Napoleonic Wars—since the world had experienced war on a global or continental scale.

Indeed, the worst experience of warfare in the last eighty-five years of the previous century was our own American Civil War. But at the turn of the century even that bloody tragedy was a fading memory, vastly different from the more recent experience of the Spanish-American War, by which, in a "fit of absentmindedness" through a war lasting less than three months, the United States acquired a Pacific empire. Commodore George Dewey destroyed the Spanish fleet in Manila Bay in a morning, at the cost of only seven American seamen wounded. "Never had the country felt such a thrill of pride", writes Barbara Tuchman.[5] "GREATEST NAVAL ENGAGEMENT OF MODERN TIMES" boasted one headline. The general euphoria calls to mind the popular reaction to the victory in the Persian Gulf almost one hundred years later.

The optimism of both periods extended also to writings about the future of warfare, writings that reflected a hopeful expectation that economic and social changes were rendering war obsolete. In our time, that hope has been reflected in the popular reaction to such books as Francis Fukuyama's *The End of History and the Last Man* or John Mueller's *Retreat from Doomsday*. At the end of the nineteenth century, Ivan Bloch wrote a six-volume study of warfare, *The Future of War*, which argued that the development of technology and tactics had given such an advantage to the defense that decisive victories were no longer feasible and, hence, war between the major powers had become impossible "except at the price of suicide." Bloch gained an audience with the young Russian Czar Nicholas II, and his argument was echoed in the call issued by the Russians on August 29, 1898 for a conference on the limitation of armaments that eventually convened in The Hague the following year.[6]

Later, at the beginning of the twentieth century, Norman Angell's book *The Great Illusion* became so popular that it went from an obscure printing, paid for by the author, to a worldwide bestseller that sold more than a million copies. The "illusion" of the title was the belief that nations could profit from war. To the contrary, Angell sought to demonstrate that

> a nation's political and economic frontiers do not now necessarily coincide; that military power is socially and economically futile, and can have no relation to the prosperity of the people exercising it; that it is impossible for one nation to seize by force the wealth or trade of another; . . . that, in short, war, even when victorious, can no longer achieve those aims for which peoples strive.[7]

This conclusion, he argued, was reinforced by the developments of the preceding forty years, which had "set up a financial interdependence of the capitals of the world, so complex [that it makes] New York dependent on London, London upon Paris, Paris

[4]Edmond Taylor, *The Fall of the Dynasties* (New York: Doubleday & Co., 1963), p. 25.

[5]Tuchman, p. 151.

[6]This account of Bloch is from Tuchman, p. 238.

[7]Norman Angell, *The Great Illusion: A Study of the Relation of Military Power to National Advantage* (New York and London: G.P. Putnam's Sons, 1910), p. x.

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upon Berlin, to a greater degree than has ever yet been the case in history." Consequently, were some hypothetical German general to attempt to make the Bank of England a prize of war, "there is no considerable institution in Germany that would escape grave damage" and "the influence of the whole finance of Germany would be brought to bear on the German Government to put an end to a situation ruinous to German trade."[8]

Just two years after Angell's book first appeared, the Balkan War of 1912 seemed to disprove his theories. To one critic who said that Angell's theory was "one to enable the citizens of this country to sleep quietly, and to lull into false security the citizens of all great countries", he responded: "War is not impossible, and no responsible Pacifist ever said it was; it is not the likelihood of war which is the illusion, but its benefits", and indeed Angell repeatedly stated that although war would be futile and absurd, countries could be foolish enough to get into one.[9] However, as Mueller suggests, one could conclude from his argument that the recognition of economic calamity would keep wars from becoming large or long-lasting.[10] One of Angell's followers, President David Starr Jordan of Stanford University, argued in 1913 that "the Great War of Europe, ever threatening, . . . will never come. . . . The bankers will not find the money for such a fight, the industries will not maintain it, the statesmen cannot. . . . There will be no general war."[11] Ironically, Angell received the Nobel Prize for Peace in 1933, well after the Great War and in the year the Nazis came to power in Germany.

The Rise of New Powers

THE END OF this century resembles the end of the last one in another important way, one that puts a question mark over the great hopes for continued peace and prosperity as we enter the twenty-first century.

Alongside the remarkable and peaceful progress that was taking place at the end of the last century, the world was grappling with—or, more accurately, failing to manage—the emergence of major new powers. Not only was Japan newly powerful in Asia, but Germany, which had not even existed before the end of the nineteenth century, was becoming a dominant force in Europe.

Today, the same spectacular economic growth that is reducing poverty, expanding trade, and creating new middle classes is also creating new economic powers and possibly new military ones as well. This is particularly true in Asia.

Small countries in Asia, such as Thailand, the Philippines, and Vietnam, are small only by Asian standards. With populations in the range of 60 to 80 million, they are comparable in size to the Great Powers of Europe. If they were to continue to grow at rates 4 to 6 percent faster than the big European countries, they would overtake them economically in the next two to four decades. Although such disparities in growth rates probably cannot be sustained as they approach European levels of productivity, the effects of their growing economic power will be felt long before they reach equality.

Those, of course, are among the smaller Asian countries. In China there are three provinces that are *each* larger than unified Germany. India is a country of 900 million people and a GDP of more than a trillion dollars, growing at better than 5 percent per year. Indonesia is the fourth most populous country in the world. A unified Korea, which may be on the horizon, would be the size of a major European power, and even without unification South Korea alone is in the process of becoming one of the world's larger economies.

The emergence of China by itself would present sizable problems; the emergence of China along with a number of other Asian powers presents an extremely complicated

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[8]Angell, pp. 57-8.

[9]Angell, pp. 386-7.

[10]John Mueller, *Retreat from Doomsday: The Obsolescence of Major War* (New York: Basic Books, 1989), p. 50.

[11]Mueller, p. 50.

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equation. In the case of China, there is the ominous element of its outsider status. To hark back to the last turning of a century, the obvious and disturbing analogy is the position of Germany, a country that felt it had been denied its "place in the sun", that believed it had been mistreated by the other powers, and that was determined to achieve its rightful place by nationalistic assertiveness.

There are enormous differences, of course, between late nineteenth-century Germany and late twentieth-century China. China is an old country, recovering its strength, with a much longer history of involvement in the world. Some argue that the history of China's relatively non-aggressive behavior when it was one of the world's dominant powers (during the Sung and Ming dynasties) gives ground for optimism that a newly powerful China will use its strength with moderation.

But not all the differences are reassuring. China's real sense of grievance at mistreatment by the European powers in the last century and by Japan in this one has a much deeper foundation than Germany's. And in one other respect the similarities to nineteenth-century Germany should give us pause: China is going through a transition from two decades of extremely skillful management of its international relationships to a new leadership of uncertain quality. It was just such a transition from the statesmanship of Bismarck to the incompetence of his successors that is considered to be a principal factor leading to the tragedy of the First World War.

The Tragedy of the Twentieth Century

OF COURSE, the twentieth century did not unfold as it appeared to promise. By its midpoint it was already the bloodiest century in history, and a very large fraction of that bloodshed can be attributed ultimately to the failure to deal with the emergence of the new powers of Germany in Europe and Japan in Asia. The first failure led directly to the First World War, which was by itself an historic disaster of previously unsurpassed proportions. The Great War, in turn, planted the seeds of Nazism in Germany and Bolshevism in Russia. The first led directly to the Second World War and the Holocaust; the second led to the crimes of Lenin and Stalin and Pol Pot, and to four decades of Cold War.

Moreover, the failure to deal effectively with the emerging Japanese power not only produced the extension of the Second World War into the Pacific, but was directly or indirectly responsible for half a century of horrors in China, some inflicted by the Japanese themselves, some by the communist regime, whose path to power was opened by the chaos following Japanese intervention.

The combined effect of all of these events was the violent death of tens of millions of people—more than we are able to count. The twentieth century closes on a remarkably peaceful note, but it was the bloodiest century so far in human history. Many Europeans would agree with the view that Boris Pasternak expresses through the voice of the character Lara in *Doctor Zhivago*:

> I believe now that the war is to blame for everything, for all the misfortunes that followed and that hound our generation to this day. . . . I can still remember a time when we all accepted the peaceful outlook of the last century. It was taken for granted that you listened to reason. . . . For a man to die by the hand of another was a rare, an exceptional event, something quite out of the ordinary. And then there was the jump from this peaceful, naive moderation to blood and tears, to mass insanity, and to the savagery of daily, hourly, legalized, rewarded slaughter. . . . This social evil became an epidemic. It was catching. And it affected everything, nothing was left untouched by it.[12]

With a peculiarly American approach to history, President Clinton spoke in his

[12]Boris Pasternak, *Doctor Zhivago* (New York: Ballantine Books, 1981), p. 405.

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Second Inaugural about how "The promise of America . . . exploded onto the world stage to make this the American century. What a century it has been!" In current American slang, "to be history" is the opposite of "to be happening." Events that have been consigned to history, in this country, generally have no political effect whatsoever. This short attention span of ours is a blessing in many respects. Our excellent relations with postwar Germany and Japan are examples. But it leaves us unprepared to deal even with those future events that are already casting long shadows.

The top priority of those now responsible for the conduct of American foreign policy must be to explain why it is important to take seriously the problems discernible on the horizon. The American public understands the importance of the budget deficit and can surely understand the importance to our children and grandchildren of using our current position of unprecedented strength and influence—not single-handedly, but within the framework of our impressive and equally unprecedented set of alliances—to affect the shape of the world. If the next century takes the place of this one as the bloodiest in history, humanity may not survive it. But if peace can be preserved, the prospects are truly wondrous. The United States cannot afford to neglect the world simply because today's problems do not seem to have an immediate effect on us. □

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The Next Lenin

On the Cusp of Truly Revolutionary Warfare

Fred C. Iklé

WHEN THE ROMANS set out to annihilate Carthage they first had to lay siege to the city and overcome its defenses. When Francisco Pizarro led a small band of Spanish soldiers into Peru and destroyed Incan society, he first had to prevail in fierce fighting. No more. A century and a half into the Industrial Revolution, advances in science and technology have reached the stage where leading industrial nations can make weapons of mass destruction that are so lethal relative to their size and weight that they can be used to circumvent defenses—even in clandestine ways—for the purpose of annihilating a country's society without first defeating its military forces.

Today, our perception of these weapons and the problems they present is crucially shaped by our recent experience during the Cold War. Despite much initial alarm and then sustained tension over four decades, this was a period during which military strategy unexpectedly became insulated from the nuclear threat, and in which great restraint was observed as far as all weapons of mass destruction were concerned. Our current strategic thought tends to project this peculiar experience into the future. It assumes that the use of mass destruction weapons will either be deterred or be confined to localized disasters caused by strategically incompetent terrorists. Competent adversaries, this thinking implicitly assumes, will have to emulate the "revolutionary" military technology that we now possess, but at the same time adhere to our old, counter-revolutionary strategy, as worked out in our superpower rivalry with the former Soviet Union. But, unfortunately, our old strategy is not an immutable law of nature. A highly competent enemy might well emerge who will seek to destroy the United States by using mass destruction weapons in a truly revolutionary kind of warfare.

Science fiction writers had anticipated mass destruction weapons decades before 1945, the year when the United States detonated the first three atomic bombs. Scarcely twenty years later the United States itself had to fear the kind of attack that could annihilate its society without first having to defeat any of its powerful military forces. Another twenty years on, the United States and the Soviet Union had both accumulated tens of thousands of nuclear weapons, a few other countries had acquired much smaller stockpiles, and many more had gained the capability to make atomic bombs or biological and chemical weapons. What has been the impact on war and peace in the world, indeed on human civilization, of the accumulation and proliferation of all these mass destruction weapons?

Fred Charles Iklé was undersecretary of defense in the Reagan administration and is currently a Distinguished Scholar at the Center for Strategic and International Studies in Washington, DC. This article is based on a paper prepared for the Aspen Strategy Group.

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If you and I were asked today to prepare an epitaph for the twentieth century brief enough to fit on a tombstone, we might not waste any words on nuclear proliferation. Instead, we would confine our lapidary inscription to more influential events. We would recall the technological revolutions in computers, communications, agriculture, and public health, as well as the almost fourfold increase in the world's population that these revolutions made possible; and we would surely note the two World Wars, the quick rise and defeat of fascism, the expansion and collapse of Soviet communism, the wave of decolonization that swept the world from India through Africa to Central Asia, perhaps the progress toward Europe's unification, and the economic rise of the Asia-Pacific region. These were the changes that profoundly transformed the human condition in the last hundred years. Compared with such upheavals, the social, economic, and political changes wrought by the A-bomb and the H-bomb, by nuclear reactors and nuclear proliferation, have added little. Not surprisingly, while the term "nuclear age" was in vogue forty years ago, it is rarely used today.

The Frozen Military Revolution

IN 1945 it all looked different. The fiery revelation that one of nature's most powerful forces had been unlocked slashed like a flaming sword into people's consciousness. Oh, that just a single bomb could now destroy a whole city! Is it not self-evident, people then argued, that this new nuclear age must radically change the world of sovereign nations? Senior statesmen and informed scientists expected the A-bomb and the yet-to-be-developed H-bomb to transform military strategy more profoundly than anything in all of history, a transformation that would compel nations to make a clear break with traditional uses of force in international conflicts. And they correctly anticipated that the H-bomb would be followed by entirely new biological weapons of mass destruction.

Nobody could have foreseen that half a century later military planners, as well as most scholars, would shrug off these cosmic questions and instead nibble at the edges of the problem—worrying, say, about whether a tactical nuclear weapon could be stolen in Russia and sold to Iran, or whether Iraq might still be hiding some Second World War-type biological or chemical agents. The horrors that could have happened—but did not—make a spine-chilling story. In the Korean War the United States did not use nuclear weapons against the massive Chinese assault on its forces. North Vietnam did not use sarin or some other poison gas against U.S. bases in South Vietnam. After the 1986 U.S. raid on Libya, Qaddafi did not respond by arranging for a "martyr" to spread anthrax in the New York subway system. During the war against Afghanistan, the Soviet Union abstained from using nuclear weapons. During the Gulf War Saddam Hussein spared allied troops his ready arsenal of chemical weapons. Most important of all, of course, has been the avoidance of the ultimate catastrophe, so much feared from the 1950s until the end of the Cold War—the mutual nuclear destruction, by design or accident, of the Soviet Union, Europe, and North America.

America's carefully designed deterrence strategy, its repeated, consistent exercise of self-restraint, and its vigorous diplomacy against the spread of nuclear and other mass destruction weapons effectively imposed rules of warfare throughout the world that essentially put these weapons into a forbidden realm. As a result, not a single nuclear bomb has been used since the attack on Nagasaki; the Soviet Union never attacked Western Europe; and the very sporadic uses of chemical or biological agents have been furtive, of limited impact, and have not involved the two superpowers. In theory, nuclear weapons could of course have been used not to cause mass destruction but to eliminate some important military targets without civilian damage. But in no war since

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1945 has this happened. In hindsight it seems clear that the American-made rules worked to the benefit of all peaceful nations—though they proved particularly helpful to U.S. foreign policy.

It was surely an extraordinary feat for the United States to develop the atomic bomb within three years while straining every muscle to win a two-front war. But what followed on the heels of this awesome accomplishment was even more extraordinary. By simultaneously coping with two fateful global forces that threatened nations everywhere—nuclear weapons and expansionist Soviet communism—the United States was able to reconstruct and conserve a world order of independent sovereign nations. The farsighted American statesmanship that brought this about had to be underpinned by a sustained intellectual project in strategic analysis. It seems fair to say that it was the combination of America's political foresight with its intellectual leadership in nuclear strategy that created what in retrospect seems an historic miracle: *During a prolonged period of almost unprecedented international tension, the United States encapsulated the nuclear revolution in military affairs within a cocoon of non-use.*

The widely expected nuclear revolution in the way wars are fought has until now been frozen in its tracks due to the rules of warfare that the United States invented, propagated, and imposed on the world, and the main impact of all the unused nuclear weaponry has been to preserve the international order. While many social, political, and technological developments in the last half century have begun to challenge the role of sovereign nation-states, nuclear weapons cannot be blamed for the fading of national boundaries or the growing global interdependence that one hears so much about lately. Far from transforming the contemporary world of disunited nations, the nuclear age—reined in by America's rules of war—has worked like a formaldehyde solution to preserve the Westphalian state system. In fact, most U.S. military planners have become so accustomed to this formaldehyde that they regard it as the natural environment whose laws will govern all possible wars.

Read any of the hundreds of Pentagon reports and scholarly articles on the coming Revolution in Military Affairs (RMA in Pentagon-speak) and you will find scarcely a thought about nuclear or other mass destruction weapons, save for a shy aside. To be sure, these writings contain fascinating points about "information warfare", where computers are pitted against computers and zapped by electronic attacks; about instrumented battlefields, where the commander can view on a television screen every piece of equipment belonging to friend or foe and give orders to every tank and foot soldier.[1] The U.S. military has taken the lead in the relevant technologies for this kind of warfare and American superiority can be maintained for years to come. Encouraged by the victory in the Gulf War, American strategists are now eagerly looking forward to the RMA—that is to say, *their chosen* RMA.

Bumbling Enemies with Ski Masks

ALAS, AMERICA'S future enemies will not necessarily fight according to our Marquis of Queensberry rules. As A.J. Bacevich has recently written, "those disadvantaged" by the existing rules of warfare will have a powerful incentive to recast "the terms of conflict in ways that play to their strengths and exploit our vulnerability." Bacevich antici-

[1]Many of the studies about the coming RMA have some exceedingly interesting and valuable points to offer. See, for example, Andrew F. Krepinevich, "Cavalry to Computer: The Pattern of Military Revolutions", *The National Interest* (Fall 1994); and Eliot A. Cohen, "A Revolution in Warfare", *Foreign Affairs* (March/April 1996). Also, a small effort to explore how weapons of mass destruction might be used to thwart the preferred American version of the RMA has been started under the auspices of Andrew Marshall, director of net assessment at the Pentagon.

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pates that the "disadvantaged" will use "subversion, terror, and banditry" and that, "in the future, such unconventional methods could become more effective still if combined with . . . weapons of mass destruction."[2] Others have warned of Russia's inadequately protected nuclear slag-heap from which a terrorist group, or a country that sponsors terrorists, could acquire materials to make nuclear bombs or even obtain a finished weapon. However, when today's military planners seek to anticipate such eventualities they tend to postulate enemy strategies that reflect our past experience with terrorism. Pentagon briefings on nuclear terrorism are likely to depict the perpetrators as youthful fanatics with ski masks, wanton enemies who might well cause grievous harm—but fumbling enemies nonetheless. The briefing charts will not show the potential Napoleons or Lenins undoing the existing world order with a grand strategy based on weapons of mass destruction.

Past experience with terrorists is a poor guide for a truly revolutionary use of mass destruction weapons. By and large, terrorists either have acted as if they were subject to at least some rules of war, or else have badly botched what they were trying to do. For some terrorists it may have been their self-image that ruled out certain types of violence. For others their code of conduct may have been dictated by the need to attract new recruits to their cause or to maintain a level of support in the society at large. In any event, during recent decades the perpetrators of the majority of terrorist acts have not employed the kind of sophisticated technologies that could presumably have been obtained by them without an insurmountable effort. Consider the safeguards against terrorism used by commercial airlines. Even airlines that are prime targets for terrorists, such as El Al, have managed with rather basic precautions to thwart utterly conventional terrorist attempts. Or consider the cement planters, with their dried-out juniper bushes, that now ring federal office buildings. Isn't it reassuring that terrorists refrain from using a rocket that would fly over these junipers? No need for fancy new technology: the perpetrators could copy the old Congreve rocket with which the British attacked—remember the red glare?—Fort McHenry.

Fortunately, there have been few occasions in modern times when terrorists, acting in violation of all rules and traditions of warfare, have sought to kill tens of thousands of people. And mercifully, in each instance so far, they have gone about it in such a bumbling way that the intended cataclysm shrank, at most, to a localized disaster. They have caused dozens of fatalities, not tens of thousands, and have achieved none of their political goals. The 1993 bombing of the World Trade Center in New York exemplifies such bumbling. Even more compelling is the case of the pseudo-religious Japanese sect, Aum Shinrikyo, which produced several types of poison gas, and one day in 1995 scattered sarin in Tokyo's subway. Experts estimated that Aum Shinrikyo had acquired the technical capability to kill tens of thousands of people. In actuality, twelve people were killed in that subway attack.

Pseudo-religious cults can indeed inflict a great deal of harm—on their members as well as on society. Walter Laqueur is right to warn us of the many sects and cults nestled in our midst that "could attempt to play out a

[2]A.J. Bacevich, "Morality and High Technology", *The National Interest* (Fall 1996), p. 44. Others have written that the dissolution of nation-states will result in new forms of warfare, or rather, in a return to old-fashioned banditry, rioting, and looting. To the extent that mass destruction weapons might also be used, these authors seem to envisage that they will simply worsen the destruction rather than transform the nature of war and peace. See, for example, Robert D. Kaplan, "Fort Leavenworth and the Eclipse of Nationhood", *Atlantic Monthly* (September 1996); Martin van Creveld, *The Transformation of War* (New York: The Free Press, 1991).

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doomsday scenario" (for instance, by blowing up the Temple Mount in Jerusalem at the end of this millennium), sects that "have their own subcultures, produce books and CDs by the thousands, and build temples and communities of whose existence most of their contemporaries are unaware."[3]

But the story of the Japanese Aum Shinrikyo cult provides an object lesson concerning the innate contradictions of nihilist terrorism. At one level such groups can, with astonishing competence, prepare technologically complicated, destructive acts—a truly frightening prospect in our age of mass destruction weapons. At another level, however, their nihilism stultifies their strategy. Aum Shinrikyo's leader was able to build up a complex criminal organization, extort hundreds of millions of dollars from his followers, recruit Japanese youths highly skilled in science and technology, enlist competent business managers who organized his worldwide supply network as well as a large affiliate in Russia, all the while having informants and defectors murdered with impunity.[4] Surely, some extraordinary evil competence was at work here.

But in sharp contrast, Aum Shinrikyo's leader proved totally incompetent when it came to thinking through the sect's overall policy and shaping a grand strategy. He apparently wanted to cause mass casualties that would destroy the Japanese government; but his vision of what was to follow remained totally vacuous—some fantasy of a new realm over which he would rule. The means for causing havoc were in hand; the plans and preparations to seize power were not. Unlike purposeful revolutionaries (who may use terrorist means), nihilist movements like Aum Shinrikyo sooner or later are bound to employ careless tactics and bizarre strategies. He who merely seeks to destroy for destruction's sake is not likely to prepare for possible mishaps along the way, or for realistic follow-up strategies to exploit success. Leaders who believe they must bring about and preside over the end of the world will attract followers who are imbued with lunatic ideas, are eager to flirt with suicidal projects, and have their minds stuffed full of patently false assumptions. The absurdity of their goals does nothing to mitigate the grief and pain that nihilist groups can inflict on people. But it does limit the scope of the calamity.

From Terrorism to Revolution

WE CAN BE sure that the time will come when serious and ambitious revolutionaries organize themselves to use mass destruction weapons for realistic political ends, not for clumsy terrorism or self-destructive nihilism. A ruthless and able leader of a totalitarian movement—another Lenin—could develop a strategy for these weapons that would serve his political plan. Temptations to act out some religious—or secular—fantasy would never divert him. He would resolutely reject any terrorist acts that were strategically inconsequential and merely risk punishment. Such a leader would also prohibit any enterprise that only served to inflict revenge, and would deride as "infantilism" (Lenin's scolding word) the grim and pointless vengeance on which many terrorist movements spend most of their time and assets. Instead, this leader would seek to destroy the political order of a nation, or even of a group of nations, by attacking his chosen enemy from within.

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[3]Walter Laqueur, "Postmodern Terrorism", *Foreign Affairs* (September/October 1996), p. 33.

[4]Detailed information on Aum Shinrikyo was published by the U.S. Senate Committee on Governmental Affairs' Permanent Subcommittee on Investigations following Oct. 31 and Nov. 1, 1995 hearings on global proliferation and weapons of mass destruction. See also John F. Sopko, "The Changing Proliferation Threat", *Foreign Policy* (Winter 1996/97). Consistent with this report is the book by David E. Kaplan and Andrew Marshall, *The Cult at the End of the World* (New York: Crown Publishing, 1996).

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While he would use mass destruction weapons to serve his political ends, he would also shrewdly shape and adjust his ends the better to exploit these weapons.

When Lenin seized power in Russia in 1917, he imposed a purposeful ruthlessness on his Bolshevik organization, rejecting the kind of nihilist fantasies and aimless anarchist exploits that were in favor among some nineteenth-century revolutionaries and would-be reformers. However, he was able to succeed only because the First World War had ravaged Russia for two and a half years, decimating and demoralizing its soldiers and sailors and inflicting near starvation on its people. Given this devastation, the socialist revolution in February 1917 (which ended the czarist regime and preceded Lenin's seizure of power) quickly led to the undoing of the entire political order. Alexander Kerensky wrote retrospectively that the word "revolution" was inapplicable to what happened at that time in Russia: "A whole world of national and political relationships sank to the bottom, and at once all existing political and tactical programs . . . appeared hanging aimlessly and uselessly in space."[5] The First World War had thus created the platform of political devastation on which Lenin could build his totalitarian dictatorship.

A twenty-first century "Lenin" will not need to wait for a third world war to create such a platform. A strategically purposeful use of mass destruction weapons could do the trick. This use would be totally different from the kind of nuclear attacks that American deterrence theory has focused on from the late 1940s until this day. The aggressor to be deterred would not sit in the Kremlin—the dominant scenario for U.S. nuclear strategy during the Cold War. Nor would the aggressor rule over some rogue country utterly vulnerable to U.S. retaliation—a frequently mentioned scenario today.

To seize power by using mass destruction weapons, this future terrorist leader might well require some foreign support. However, the foreign sources of such support need not present the victim of aggression with suitable targets for retaliation. Recall that in the late 1970s and early 1980s the Irish Republican Army (IRA) received the hard-to-detect Semtex explosive through Libyan diplomatic pouches. Libya did not suffer British retaliation. The IRA also received monies and arms from sympathizers in the United States, the better to commit acts of terrorism against the British government. Her Majesty's Government did not deem a retaliatory strike against these Americans a viable option. If retaliation is ruled out, so is deterrence.

Against aggressors who live in the country they are attacking, the vaunted nuclear deterrent is impotent. And just because these aggressors would be located within the country's borders, it cannot be assumed that domestic police and security forces could render them harmless. A competent organization of totalitarian revolutionaries that employs covert tactics to cause death and destruction is difficult to eliminate, especially with the means available to a democratic government. For more than a quarter century the British government has been struggling to put an end to IRA attacks in Ulster and England. Imagine if the IRA changed its style of warfare one day and started to use new biological weapons instead of dynamite, Semtex, and other conventional explosives. What could the British government then do that it is not doing already? This question is not easily answered, especially since the British government possesses some of the world's best intelligence services, equipped with the most sophisticated technology, and unencumbered by anything comparable to the U.S. Bill of Rights.

U.S. officials whose job it is to prevent domestic terrorism must sometimes envy their counterparts in London and Belfast for the permissive investigative powers with

[5]Quoted in Richard Pipes, *The Russian Revolution* (New York: Alfred A. Knopf, 1990), pp. 336-7.

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which British democracy is comfortable. Last year, for example, the British parliament gave the police the power to stop and frisk anybody in the streets, without needing grounds for suspicion. The U.S. Congress, deliberating anti-terrorist legislation at the time, balked at the administration's proposed wiretap authority and at the authorization of U.S. Army assistance even in the event of chemical weapons use *within* the United States. Conservative Republican members of Congress made common cause with members at the opposite end of the political spectrum—and with the American Civil Liberties Union—to pull the sharper teeth from the anti-terrorist legislation.

In the United States, police and other investigative forces must also cope with the noble American tradition that demands special deference to religious institutions. Abuse of this privilege by pseudo-religious cults is not uncommon. By painting itself with a religious veneer, a criminal organization can inhibit government authorities from collecting intelligence on its activities and from forestalling crimes it may be preparing. In the 1970s, for example, a "Reverend" Jim Jones started a cult in California with leftist tendencies. That cult had built some links to California politicians but also engaged in weapons trafficking and coercion of its members. By 1978, the good Reverend, having moved his cult to Guyana, arranged the mass suicide and murder of 911 people, including children and a visiting congressman. The FBI had been leaning over backwards to respect the civil rights of this Jones cult—indeed, a year before the massacre the Justice Department had opened an investigation into the FBI's possible harassment of the cult. During the Congressional inquiry after the massacre, the FBI alluded to this tradition concerning religious organizations to explain why it had not infiltrated the Jones cult.[6] The authorities in Japan—tutored in religious freedom by the United States—exhibited the same inhibition by failing to investigate several murders and other crimes that Aum Shinrikyo had committed well before its gas attack in Tokyo's subway.

Civil liberties, freedom of association, tolerance for dissident views peacefully expressed—all these benefits of a democratic society give citizens faith and confidence in their political order and thereby strengthen democratic government. But a skillful totalitarian leader—for whom democratic government is the very enemy—can transform these sources of strength into serious, perhaps fatal, weaknesses. In control of a competent organization that has mass destruction weapons in hand, such a leader would be capable of inflicting unbearable stress on the targeted society. He could force the incumbent government to abandon civil rights and constitutional principles, one by one, thus compelling the government to dismantle the foundation of its own legitimacy.

Between Hammer and Anvil

AT THE SAME TIME, a future Lenin could attack from the opposite direction by adopting a Jekyll-and-Hyde strategy. To this end he would split his own organization into two branches. One branch would consist of clandestine cells manned by highly disciplined killers in control of secret weapons, ready to inflict death and mass destruction when ordered. This "Mr. Hyde" branch would appear to be independent of the seemingly benign "Dr. Jekyll" branch, a political movement operating in the open as a legitimate party or public interest association, whose purpose would be to propagate revolutionary ideas and a political program designed to mobilize throngs of followers. Exploiting its ostensible legitimacy, this movement would also seek to discredit and delegitimize the incumbent government in

[6]Angelo Codevilla sees this incident as illustrative of a more pervasive legal confusion in U.S. intelligence, *Informing Statecraft: Intelligence for a New Century* (New York: The Free Press, 1992), pp. 178-82.

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every way possible. It would noisily assert that the government's methods of tracking down the hidden mass destruction weapons discriminated against certain ethnic or racial groups. It would stage mass demonstrations and launch law suits against alleged or actual violations of civil liberties and constitutional rights. It would encourage all sorts of disgruntled groups and alienated people to join the nationwide melee, the better to handicap government security forces looking for hidden mass destruction weapons. The two branches, by cooperating in this manner, would seek to bring about the collapse of the democratic government and impose their new order.

Such dual structures are already functioning effectively today (although, of course, as yet without mass destruction weapons). They play a key role, for example, in the Israeli-Palestinian conflict and in the Irish-British conflict. Sinn Fein, a legal political party in Northern Ireland, successfully plays the Dr. Jekyll part by posturing as a benevolent political movement that just happens to endorse the goals of the IRA, suitably presented in an idealistic and benign light. The well known connections between the IRA and Sinn Fein hardly seem to spoil this dual strategy. It is no secret in Ireland or England (or for that matter in Washington) that Sinn Fein's present leader, Gerry Adams, belonged to the IRA in the past and had been in charge of the Belfast IRA operations at a time when its units killed fourteen soldiers as well as civilians.[7] To this date, Adams keeps refusing to condemn IRA bombings that cause grievous casualties.

Yet, the fiction of Adams being the leader of an independent, law-abiding party enables him to translate the politically unfocussed staccato of terrorist acts into steady negotiating pressure designed to lever the outcome in the desired direction. As if to reinforce this fiction, in 1995 President Clinton invited Adams to the White House. Should there be a settlement regarding Northern Ireland that gives the IRA most of what it seeks, it will have been hewed into shape between the hammer blows of the IRA's destructive attacks and the anvil of Sinn Fein's unrelenting political demands.

One's mind recoils from visualizing the turmoil and anguish that such a hammer and anvil strategy would cause should it lead to the employment of weapons of mass destruction. The leader of such a revolutionary campaign would be likely to make every effort to conceal his role in instigating the use of these weapons, and might well insinuate that his opponents were responsible for the havoc. In 1933 the Nazis blamed the communists for having burned down the Reichstag in Berlin, a false accusation that greatly helped Hitler to seize power. (The countercharge that the Nazis were the arsonists is in doubt to this day.) The totalitarian leader could also encourage speculation that the first attack might well be followed by others, to inflame the panic and despair that fuel political chaos. The societal fabric and the strands of legitimacy that hold democratic government together could be torn asunder by the fear that the nuclear destruction of half a city, or the killing of tens of thousands of people with a new biological weapon, would soon be followed by similar cataclysms in other cities. We can get an inkling of such havoc by imagining the reaction in the United States had the Oklahoma City bombing in 1995 been followed by another two such disasters within a few weeks—with the FBI having as little success in finding the perpetrators as it did after the pipe-bomb attack at the 1996 Atlanta Olympics.

To be sure, in nearly all instances in this century when democratic governments were challenged by repeated, clandestinely executed terrorist attacks, the resulting

[7]Jonathan Stevenson, *"We Wrecked the Place": Contemplating an End to the Northern Irish Troubles* (New York: The Free Press, 1996), p. 127.

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political changes—if any—were minimal.[8] These past experiences, though, do not speak to the consequences of such attacks were they to be carried out with mass destruction weapons. Every type of injury has a threshold where it becomes lethal. Perhaps it is still possible to keep criminal, revolutionary movements from acquiring and using the nuclear bombs necessary to cross this threshold. Much will depend on prudent management of the nuclear detritus in Russia. But nuclear fusion and fission are not the only man-made phenomena on earth that can cause mass destruction.

For the foreseeable future, mankind is fated to live with the continuing dynamic that the Scientific and Industrial Revolutions have unleashed over the last two hundred years. In 1945, the atom bomb project succeeded because nuclear physics had made great advances before the Second World War. During the next half century advances in biology and genetic engineering might well cause a more radical transformation of society and of the world order than any other field of science. Unfortunately, developments in these fields are likely to create opportunities for producing mass destruction weapons that rival the most powerful nuclear bombs.

These opportunities will not be confined within a super-secret Manhattan Project, dedicated entirely to military ends. Unlike the achievements in nuclear physics in the first half of this century, today's progress in biology and genetics rushes forward to help create more bountiful crops and healthier harvests, to cure hitherto incurable illnesses, to improve and prolong human life. Such discoveries cannot be locked up for national security reasons. And in many instances only a thin line will separate the production of agents that cure illnesses from those that can be employed to spread disease and death. The knowledge and techniques for making biological super-weapons will become dispersed among hospital laboratories, agricultural research institutes, and peaceful factories everywhere. Only an oppressive police state could assure total government control over such novel tools for mass destruction. In a free and open democracy, those who wish to destroy the political order that they despise will inevitably find ways to acquire these tools.

What Should Be Done?

THIS GRIM PROSPECT has no parallel in history. Will democracy have to "murder itself" to protect the people? "Remember", wrote John Adams on a gloomy day in 1814, "democracy never lasts long. It soon wastes, exhausts, and murders itself." Such gloom was clearly premature. What has helped our democratic form of government to survive is its ability to adjust to changing circumstances, while the tyrants remain locked in their frenzied schemes. Even though the onward march of science and technology will provide new means for tyrannical revolutionaries who seek to enslave us, it can also empower us to defeat those tyrants. It is not foreordained by the laws of nature that present and future mass destruction weapons cannot be made impotent.

A democratic government can prevent nuclear bombs from being built on its territory without having to infringe on civil liberties. It will have to maintain full control over nuclear reactors and all other sources of fissile materials, a never-ending mission requiring perpetual vigilance and iron discipline, but definitely not a police state. A far more difficult challenge will be preventing the smuggling of nuclear weapons across a democracy's open borders. Nonetheless, with a sustained and vigorous policy a large democracy should be able to render successful smuggling so unlikely, or so rare, that it will not threaten its survival. The policy would have to accomplish

[8]Laqueur reaches this conclusion based on his research of nineteenth- and twentieth-century terrorism; he also points out that terrorism "has not succeeded against . . . modern totalitarian regimes", in *The Age of Terrorism* (Boston: Little, Brown and Co., 1987), pp. 137-41.

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four tasks: (1) detect smuggling attempts with the best possible intelligence collection; (2) establish better controls with an indefatigable carrot-and-stick approach in countries that could be a source of stolen weapons (such as in Russia today); (3) deny hostile police states (Iraq, Libya) easy access to the wherewithal for making nuclear bombs through hard-knuckled diplomacy; and (4) generously and continuously fund projects to develop and deploy evermore effective sensors against all possible methods of smuggling nuclear bombs.[9]

Biological weapons will pose an entirely different challenge for democracies. In a modern, open society their production, as noted, can unfortunately be hidden among all sorts of legitimate activities. Yet it may well be possible to avert or sharply reduce casualties from their use. Timely vaccination offers effective protection against some biological agents, and medical treatments might be developed to negate the effects of such weapons even after they have been employed. Nothing can be done, by contrast, to annul the destructive energies released by a nuclear bomb once detonated.

All these promising defensive measures will be neglected so long as the United States and its allies continue to rely excessively on a strategy of deterrence and pin their faith on treaties that ban mass destruction weapons. Time and again treaties have proven illusory because the nations that relied on them lacked the will, or the means, to respond forcefully to violations. The insouciant faith in unenforceable treaties is so incompatible with the lessons of history that the adherents of this faith are forced to deny the historical facts. And if this lesson is never learned, arms control diplomats will proudly keep stringing unenforceable treaties to their garland of trophies. In the end, it becomes sadly true that no arms control violation goes punished.

One need not go back to the League of Nations era to find compelling illustrations. Before as well as after the recent Gulf War, Saddam Hussein kept slapping this lesson onto our right cheek and then onto our left—to no avail. In January 1989, after Iraq had violated the Geneva Protocol banning the use of chemical weapons, a large UN-sponsored conference convened in Paris to discuss such weapons. Far from resuscitating the Geneva Protocol, this conference nearly buried it. While it solemnly "reaffirmed" that chemical weapons must not be used, it never addressed the possibility of sanctions against Iraq. It did not even censure Iraq. Nay, it did not even mention Iraq by name. This was not the only arms control treaty that Iraq has shredded with impunity. Before the Gulf War Saddam Hussein also unambiguously violated the Nuclear Non-Proliferation Treaty and the ban on biological weapons.

Even Iraq's military defeat has not stopped this pattern of unpunished violations. If a vanquished violator of arms control treaties goes unpunished, what is it that an undefeated miscreant must fear? New evidence keeps turning up every few months that Saddam Hussein's regime continues to hide chemical and biological weapons and persists in lying about these illicit caches. Instead of demanding new sanctions, the international community has concluded a new ban on chemical weapons calling for the same kind of monitoring that Iraq now consistently defeats—right under the noses of UN inspectors. And just to keep the faith, this 180-page treaty says nothing about punishing violations.[10]

The morning after a major biological or chemical attack, or after a nuclear weapon has been used, the rules of warfare throughout the

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[9]Work on sensors has been underfunded for a long time. As Roberta Wohlstetter pointed out over twenty years ago in "Terror on a Grand Scale", *Survival* (May/June 1976), p. 104, such technology can also help preserve people's privacy.

[10]One of the few to point out this incoherence has been Douglas J. Feith; see his "Chemical Reaction", *National Review*, July 15, 1996. When this treaty (called the Chemical Weapons Convention) encountered opposition in the U.S. Senate in 1996, President Clinton withdrew it from the ratification process, but he resubmitted it in early 1997. Its prospects remain uncertain.

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world will be profoundly transformed. Should such use go unpunished, or, worse, should it benefit the perpetrator, tyrants everywhere would be greatly tempted to acquire and eventually to employ these weapons. The future tyrant might be another Saddam Hussein threatening the United States or its allies with external aggression. Or, as argued in this essay, he might be a potential Lenin or Hitler seeking to establish a brutal dictatorship from within.

Today, fifty-two years after the first nuclear test, the full historic significance of the new technology for violence is still difficult to comprehend. For the future world order the relevant question may not be, "one world or none?" (the slogan that gained wide attention after the destruction of Hiroshima and Nagasaki), but whether and how modern democracies can continue to coexist with weapons of mass destruction. This question is deeply rooted in Western history of the last three hundred years. It was during this period, and in the civilization that is called "the West", that the intellectually and morally liberating philosophy of the Enlightenment led to the ideas of modern democracy and inspired the creation of legal institutions to protect individual freedom and civil liberties. In this same time period the Enlightenment encouraged ways of thinking that unleashed the relentless dynamic of science and technology.

The transformations of the human condition that the West has wrought have evolved at an unequal pace. The fundamental philosophic concepts of democratic government have remained much the same for two hundred years. The concepts and theories of science, however, grew ever more powerful in altering man's natural environment. In the wake of the Enlightenment, man came to regard nature as an object of his unlimited exploitation, and, as the philosopher John Gray notes, this is an element of the modern world view "which Westernization has most lastingly and destructively transmitted to non-Western cultures."[11] This continuation-without-end of the Industrial Revolution inescapably continues to cause revolutionary changes in warfare. Democracy will survive the new means of violence only if it can revolutionize its strategy and means of defense. □

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[11]John Gray, *Enlightenment's Wake: Politics and Culture at the Close of the Modern Age* (London: Routledge, 1995), p. 158.

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Power Failure

American Policy in the Caspian

S. Frederick Starr

A CARDINAL PRINCIPLE of U.S. policy since the collapse of the Soviet Union has been to foster the independence of the new states established on former Soviet territory. In Central Europe, U.S. policy goes further: In order to protect the sovereignty of Poland, Hungary, and the Czech Republic, the United States has championed the eastward expansion of NATO, in effect transforming what had been a Russian glacis against the West into a European glacis against Russia. Despite strong Russian objections, the U.S. government is pressing ahead with this.

Many debate whether such a course is either necessary or wise. Nearly lost amid these controversies, however, are the growing problems of sovereignty in Central Asia and the Caucasus. Consistent with its principles, the United States has made clear its support for the independence of the five Central Asian states (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) and the three Caucasus republics (Armenia, Azerbaijan, and Georgia). But whereas in Central Europe Washington barely acknowledges Russian sensibilities, in Central Asia and the Caucasus it indulges them to excess. As a result, U.S. deeds fall short of its rhetorical support for the new countries of the region. Particularly in the crucial energy sector, U.S. actions are having the effect of undermining these countries' sovereignty.

Under both the Bush and Clinton administrations, policy toward this region has been largely derivative of other U.S. objectives, above all the desire to support the political and economic development of the new Russia and the concern to isolate the Islamic Republic of Iran. This is understandable, given the centrality of these two countries to American interests as a whole. But the resulting policies have the effect of assigning excess influence on the area to Russia and, hence, of preventing the emergence of a natural balance of influence in the area among these countries' larger neighbors. The result is to weaken the independence of the new states on either side of the Caspian and to destabilize the region as a whole.

It is clearly time for a second look at U.S. policies, not least because much has changed since they were first put in place. Above all, the advanced industrial countries have come to appreciate the fact that Central Asia and Azerbaijan have oil—lots of oil—and huge amounts of natural gas. Suddenly, U.S. officials at every level, right up to and including the White House, are studying oil deals and pipeline routes and generally rushing to incorporate energy concerns into their action programs for the region.

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So far this has taken place with scant regard for the larger geopolitical issues at stake. Lacking this larger perspective, the United States is left not with a real policy toward the region but a mélange of corollaries of policies whose real focus is elsewhere. If the United States wants to live up to its professed concern for the sovereignties of these eight new states, it is time to rethink what it is doing there, as well as its policy toward Iran. For the status quo is bad for Central Asia and the Caucasus, bad for the development of democracy in Russia, and, arguably, bad for U.S. efforts to deal effectively with the regime in Tehran. There is still time to set things right. But not very much time, for once energy deals are sealed and pipeline routes settled, it will be much harder to adjust course.

Moscow's Relentless Pressure

THE VOLUME OF gas and oil involved in Central Asia and the Caucasus—referred to generically as the Caspian Basin—is potentially so vast that its importance extends far beyond the new governments' concerns for their own economic and political survival. Clearly, the region is fated to play a major role in all future planning on world energy supplies. More specifically, its resources are part of the key to relieving the overdependence of the United States, Western Europe, and Japan on just one source of supply, the tempestuous Persian Gulf, and all the troubles that go with it.

Estimates vary widely but they are all high. Together, Central Asia and Azerbaijan possess 7.5 trillion cubic meters of known reserves of natural gas and probable undiscovered reserves of 20 trillion cubic meters more. The known gas reserves of Turkmenistan alone are twice those of the North Sea and four times those of the Gulf of Mexico.[1] The lowest estimate of the region's known reserves of oil is twenty billion barrels. But Kazakhstan, whose Tengiz field is one of the largest anywhere, claims twenty-two billion barrels of known reserves with a potential to rise to more than fifty billion barrels, while estimates of Turkmenistan's undiscovered reserves range up to thirty-seven billion barrels.[2]

While developed economies everywhere have an interest in securing a diversified supply of oil and gas, for Azerbaijan and the countries of Central Asia unencumbered access to markets is the key to their very survival as independent states. And on this point Russia has pursued a far more aggressive and threatening strategy than anyone has accused it of doing in Central Europe.

It is true, of course, as even the most hardened Russophobes concede, that Moscow lacks the ability to project real power beyond its borders through its military, nor is it soon likely to do so with the benign tools of industrial export, communications, or aid. Much "integrationist" sentiment in Moscow is mere bluster, the normal emanations of people adjusting to the realities of their post-imperial status. It is less threatening than what was heard from de Gaulle's Paris forty years ago or, for that matter, from London or Madrid in the late eighteenth and early nineteenth centuries. The U.S. government has been wise to ignore it. But in the field of energy Russia is able to exert such powerful leverage over its southern neighbors as to jeopardize their ability to develop as sovereign entities. In this domain irredentist schemes have not

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[1]Jean Christophe Fueg, "The Gas Industry of the Southern FSU", *Gas in the CIS, 1996: A Special Report, The Petroleum Economist (TPE)*, p. 26; Robert O'Connor, Jr., "The Sleeping Giant of the Gas World?", *Gas in the CIS, 1996: A Special Report, TPE*, p. 28; see also, *Doing Business in Turkmenistan*, prepared by Chase Manhattan Bank for the State Bank for Foreign Economic Affairs of Turkmenistan, Ashgabat, 1996, pp. 23-4.

[2]Valera Belousov and Isabel Gorst, "Pipeline Problems Block Oil Sector Development", *TPE*, April 1966, p. 10; see also O'Connor, p. 28.

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only been trumpeted by disgruntled chauvinists but actually implemented over the past several years. In energy Russia has reverted to the same hardball tactics employed by the Soviet government in the 1980s.

Moscow's policy is simplicity itself: First, it dictates that its southern neighbors must export all their oil and gas through Russian pipelines or, failing that, minimize the capacity of alternative lines and assure that Russian firms own a stake in them; second, it intrudes Russian firms into multinational energy consortia put together by Azerbaijan or the Central Asian states; third, it forces the Central Asians to allocate energy to CIS countries that do not pay their bills, thus assuring that a producer country like Turkmenistan remains poor; fourth, it claims or creates Central Asian debts to Russia and then forces payment in the form of shares in the region's refining and processing facilities as they are privatized; and, fifth, wherever possible it uses Western credits and investments in Russian firms to pay for these projects.

It is not possible in a short space to recount all the concrete steps that have been taken to implement this policy.[3] Suffice it to say that Russia has done everything possible, short of actual invasion, to prevent Azerbaijan from exporting its Caspian oil through a pipeline to the Black Sea coast of Georgia. Additionally, Moscow has tried to foil alternative routes for transporting the oil, such as sending it out through an unused Iranian-Turkish pipeline, or even through a proposed Turkish pipeline ending in the Mediterranean port of Ceyhan. The latter project remains alive as of this writing, but its construction, which is by no means certain, lies in the future. Turkmenistan had also sought alternatives to Russian-owned pipelines for its gas exports to Europe. To disabuse leaders of that country of such notions, Moscow cut back Turkmenistan's promised deliveries to Europe by 20 percent and then for two years blocked deliveries to other parts of Europe. The Turkmens got the message.

No less striking is the manner in which Moscow has attempted to bring Kazakhstan to heel. Russia's general approach to all development in the region has been to insist that the Caspian is a lake and not a sea, a formulation that would give Moscow veto power over all plans—notably those of Azerbaijan and Kazakhstan—to exploit the Caspian's resources. Last December Moscow gained its objective that beyond a forty mile limit all resources would be exploited jointly by all littoral countries, effectively denying Azerbaijan control of some of its richest properties. While this debate grinds along in international meetings, Russia has used stronger methods against Almati (as Alma Ata became known after independence), especially in its efforts to assure that oil from Kazakhstan's massive field at Tengiz be exported solely through Russia's Black Sea port of Novorossiisk. When Kazakhstan balked in 1994, Moscow simply closed the spigot on all Kazakh exports until that country, on the verge of civil breakdown, saw the error of its ways.

Meanwhile, Chevron, Kazakhstan's partner in the Tengiz project, seemed unwilling to play ball, so Moscow declared its Tengiz oil to be so filthy that it endangered the Russian pipeline and posed an environmental hazard—this, despite the fact that during Soviet times the Russians themselves had been shipping the same oil through the same line! Chevron obliged by building a new processing plant. When at this point Turkey protested (on environmental grounds) against a parade of Russian supertankers winding their way through the traffic-choked Bosporus at Istanbul, the Russians responded by undertaking to build either a terminal at St. Petersburg, 1100 miles to the north, or a new pipeline across the Balkans. Such tactics eventually brought all parties to agreement on the Novorossiisk line. Celebrating Moscow's victory, Russia's deputy prime minister made the revealing declaration that the pipeline represented "an enormous step promoting the

[3]See Stephen Blank, "Central Asia", *Middle East Quarterly* (June 1995), pp. 55-61.

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integration of Russia and Kazakhstan."[4] It also meant billions of dollars in tariffs for Russia's cash-strapped government.

This is nothing new, of course. As Thane Gustafson, an American analyst of Russian energy policies, has detailed, Moscow has "plundered" the resources of Azerbaijan and Kazakhstan for generations.[5] Part of this plundering entailed locally raised funds to supplement Moscow's investment in southern oil fields. Whatever the locals were unable to pay was entered in the books as debt, and it is in part these old debts that give Russia leverage over Azerbaijan and Kazakhstan today. The huge Moscow gas cartel, Gasprom, wants to swap these debts for equity in Azerbaijan's privatizing energy firms, while Lukoil, the largest Russian oil company, has recently used the debt lever to angle for a stake in the major Kazakh refinery at Chimkent.

It was on behalf of Lukoil, too, that the Yeltsin government engaged in one of its roughest campaigns, namely to prevent Azerbaijan from signing with an international consortium of nine firms, four of them American, two British, one Norwegian, one Turkish, and none Russian. The consortium's initial goal was to develop Caspian oil fields and send the product to Europe by one of several proposed "southern" pipelines through Georgia or Turkey. To prevent the development of this route the Russians twisted the arm of Azerbaijan's President Abulfaz Elchibey. When this yielded no results they moved to unseat him. First, they cut off Azerbaijani oil exports, crippling the economy. Then, using Armenia as a surrogate, they put international pressure on Baku over the ongoing conflict in Nagorno-Karabakh. Finally, they looked the other way as old Soviet arms depots in the country were emptied into the hands of local warlords opposed to Elchibey. At length Elchibey fell, to be replaced by a former Soviet leader, Haidar Aliev. And even though the consortium deal was eventually signed, the price had been raised to include the participation of Lukoil and the temporary shelving of plans for alternative pipelines to the one through Russia. But Aliev proved no pushover and Moscow has recently renewed its strong-arm tactics, including backing two attempted coups against him.

With billions at stake, the world of oil and gas giants is nowhere kind or gentle. The question arises whether these various incidents are merely the work of a few overzealous captains of Russia's new private industries or a real policy of government. All evidence points to the latter. Energy is both the largest and the least reformed sector of the Russian economy. Gasprom's 1993 privatization was so reluctant that the government still owns 40 percent of it, and the "private" directors insist on approving all sales of shares. Only in late 1995 did the oil industry begin to privatize, through the dubious process of selling shares to the major banks in exchange for loans. The sector as a whole has shown far more interest in rebuilding Soviet-style vertical cartels than in promoting efficiency or environmental consciousness.

These cartels remain inextricably bound up with the state. Prime Minister Chernomyrdin enriched himself as head of Gasprom while two of Yeltsin's main supporters today, Boris Berezovsky and Vladimir Gusinsky, both hold large stakes in banks that serve the energy industry. Gasprom's chief executive officer, Rem Vikharev, and Lukoil's president, Vagit Alekperov, both have easy access to the government. The minister of foreign affairs, Yevgeny Primakov, earned his spurs doing KGB work in Iraq at the time the USSR was searching for an opening to the Persian Gulf. In January 1990, it was Primakov, then chairman of the USSR's Council of the Union, who appeared

[4]Deputy Prime Minister Valeri Serov, BBC Monitoring, December 8, 1996.

[5]Thane Gustafson, *Crisis Amid Plenty: The Politics of Soviet Energy Under Brezhnev and Gorbachev* (Princeton: Princeton University Press, 1989), p. 28.

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in the Azerbaijani capital of Baku to tell the populace that the Red Army was occupying their city only to protect them; several hundreds of civilians were killed or wounded in the subsequent fighting.[6]

It is the lusterless but hard-driving members of this "energy-policy complex", far more than such colorful politicians as Moscow's bumptious Mayor Yuri Luzhkov or Duma member and buffoon Vladimir Zhirinovsky, who best embody Russia's neo-imperial strivings in the Caspian region. They are men of deeds rather than words and, unlike those who stand for elective office, they are little concerned with popularity or fame. Nor are they friends of democracy. Accustomed to viewing the exercise of power as a right, they consider the ballot box an unnecessary accouterment and democratic oversight of their activities an inconvenience. Even though a few of them maintain high profiles, their ventures into foreign policy are all but unknown to most Russians.

But not to people in Central Asia or the Caucasus. There the very word "reintegration" conjures up dark images of Russia's energy-political complex. It is no secret in Ashgabat, Almati, or Baku that Russia has forced the new governments into unequal energy deals and that opposition by local leaders is met with campaigns of economic and political destabilization. And since Russia's program to control Central Asia through its energy resources also affects Ukraine, these matters are well understood in Kiev and Lviv as well. When people in Almati protested their declining living standard in December 1996, some blamed the situation on President Nursultan Nazerbaev's concessions to Moscow, while others blamed it on his failure to come to terms earlier. Clearly, Russia was trying to use its energy-based foreign policy to make itself once more the arbiter of their fate. No wonder that the prime minister of Uzbekistan recently declared that "further integration into the Commonwealth of Independent States is counter to the economic interests of Uzbekistan."[7]

The American Role

WHAT HAS BEEN the response of the United States to all this? From the moment the states of the Caspian Basin gained independence, the United States has repeatedly pledged to support their sovereignty and their freedom to develop as democratic societies with free-market economies. While it is clear that many of the Russian initiatives described above directly threaten the achievement of these goals, the United States has failed thus far to produce an adequate response. It has endorsed the principle of diversity when it comes to pipelines and energy consortia, and it has opposed the Russian view that the Caspian is a lake, but beyond this its belated reactions and general policy biases have done more harm than good.

Foreign policy is never formed in a vacuum. In this instance the response of American policymakers has been shaped by at least five quite different considerations. First has been the reasonable assumption that priority must be given to the democratic transformation of Russia and the development of its economy. It has been assumed that successful change there would improve the prospects for the other fourteen former Soviet republics, while failure would come close to dooming them. Since oil is the heart of Russia's export economy and since many U.S. firms were interested in participating in the development of that sector, it looked as though America could do good and do well at the same time. Euphoria over Russia's energy sector eventually waned, thanks to

[6]Audrey L. Altstadt, *The Azerbaijani Turks* (Stanford: Hoover Institution Press, 1992), pp. 214-325.

[7]Utkur Sultanov, as reported by Kyodo News Service, Tokyo, and reported by BBC Monitoring, December 16, 1996.

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capricious taxes, corruption, and rising nationalism. But the U.S. general commitment to a "Russia first" policy has remained.

Second, the U.S. government was woefully ignorant of Central Asia. Some officials, noting the absence there of a movement like Solidarity in Poland or of velvet revolutionaries as in Czechoslovakia, believed that the peoples of these former Soviet republics were not really interested in independence. Their communist elites may have been more interested in gaining a free hand within the Soviet system than in independence, but the same cannot be said of their peoples. Few in Washington knew that bands in Kyrgyzstan, Tajikistan, and Turkmenistan waged guerrilla warfare against Soviet rule down to the 1940s; that one in ten Turkmens and Azeris and nearly half of the Kazakhs perished during collectivization and the purges; that nearly the entire population deftly resisted every communist assault on their culture for a century; or that in 1986 Kazakhs squared off against Soviet forces in Alma Ata and in 1990 Azerbaijan's Popular Front confronted the Red Army on the streets of Baku. Somehow, these peoples were still deemed less worthy of American solicitude than the Balts, let alone the Central Europeans.

Third, Americans convinced themselves that these peoples, overwhelmingly Muslim by heritage, were ripe targets for Islamic fundamentalism that would sweep into the region from Iran or Afghanistan. Wasn't the civil war in Tajikistan but a mild case of what might take place in Uzbekistan or Azerbaijan if the infection was not stopped at the old southern border of the USSR? Could not such a movement even place Russia in jeopardy, as politicians like Zhirinovsky and General Alexander Lebed warned?

In entertaining such speculations, U.S. policymakers, like their counterparts in Moscow, have become ardent champions of Samuel Huntington's notion of a "clash of civilizations." In following this line, Washington ignores the fact that most Central Asian Muslims are not Shi'a but Sunni, and of the very traditionalist Hanafi school at that. True, Azeris are Shi'a, but they are Turkic and not Persian speakers, and thus less a prospect for proselytizing by Tehran than a perpetual cause for anxiety there, since Iran has a large and potentially volatile Azeri minority. Beyond this, the population of Central Asia is vastly better educated than any in the Muslim Middle East, and all the new post-Soviet governments there are staunchly secularist. Uzbekistan's President Islam Karimov spoke on behalf of his citizens when he declared (in Israel, of all places) that he sought cooperation with Iran "in all spheres of economics, science, and culture but without permitting ideological expansion and the influence of Islamic forces."[8] Despite dire, self-serving warnings from Moscow, fundamentalism is an insignificant force in Central Asia and will likely remain so.

Fourth, the United States has tied its own hands by taking sides in the festering dispute between Armenia and Azerbaijan. Though the United States is a land of immigrants, there are practically no Americans who trace their roots either to Central Asia or Azerbaijan. As a result, none of these countries has an effective lobby in Washington. By contrast, a large, wealthy, and well-organized Armenian lobby keeps up the pressure on any measure that might strengthen Turkey's role in the region, including the laying of pipelines through that country. And since Armenia charges Azerbaijan with aggression in Karabakh—even though Armenia currently occupies a fifth of Azerbaijan's territory—the Armenian lobby persuaded Congress to ban all help to the Baku government through the Freedom Support Act, at the same time taking steps to assure that per capita American aid to Armenia would be greater than for any other country except Israel.[9]

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[8]*Aziia*, 1994, no. 27, p. 2; quoted in *Central Asia in Transition*, Boris Rumer, ed. (Armonk, NY: M.E. Sharpe, 1996), p. 5.

[9]Michael Specter, "Drift to Dictatorship Clouds Armenia's Happiness", *New York Times*, January 3, 1997.

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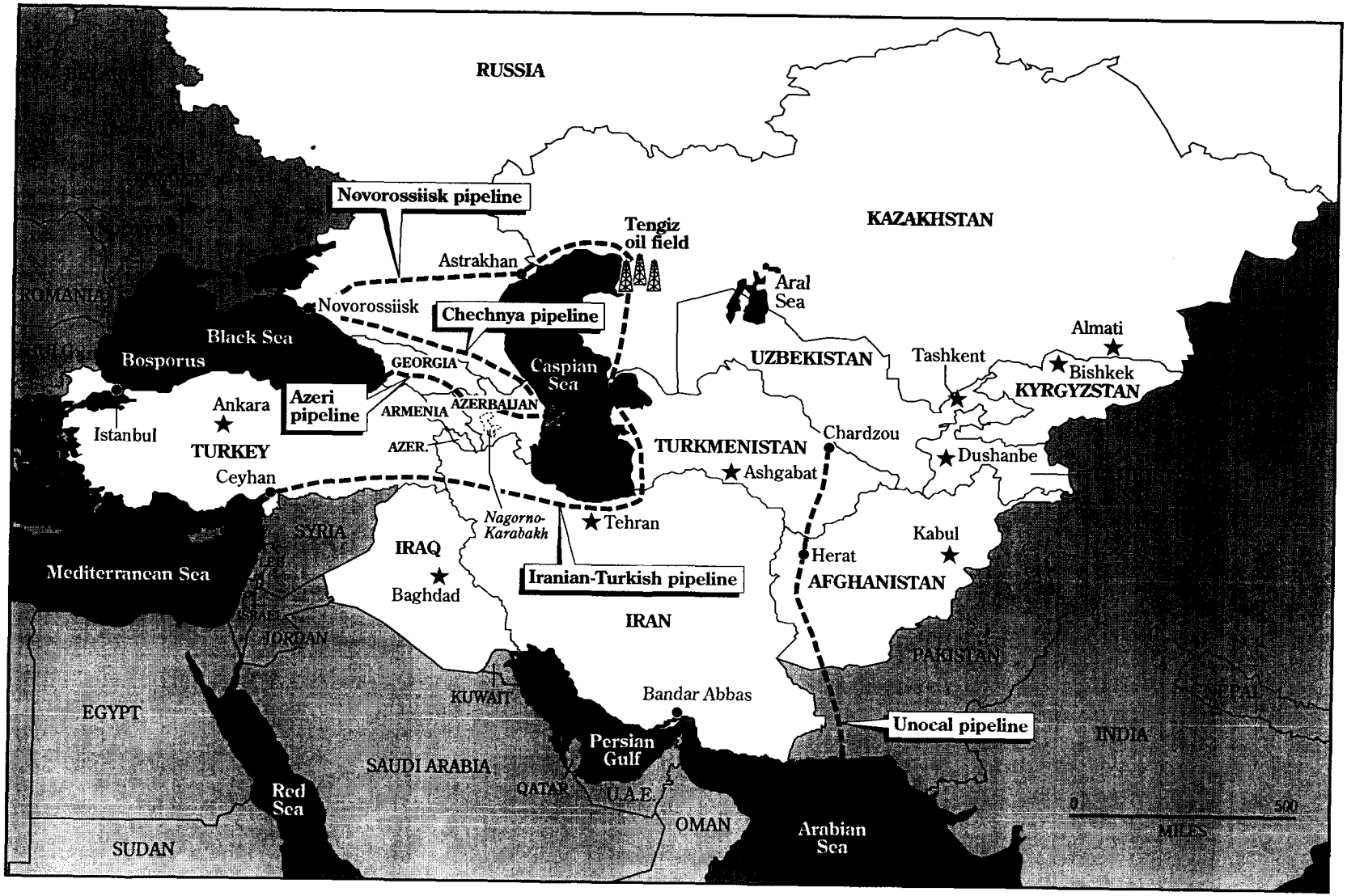

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The fifth factor shaping the U.S. response to Moscow's muscular energy policies in the Caspian region is the priority it gives to maintaining the Iranian leg of its "dual containment" policy against Iran and Iraq. Khomeini's revolution and the American hostage crisis both occurred in 1979, but some of the strongest measures to contain Iran were taken much more recently, beginning with a trade boycott in 1987, a ban on weapons sales to Iran in 1992, and the punitive measures instituted in 1995 against European and other non-U.S. based firms that persisted in trading with Iran. By 1993, "dual containment" was interpreted to preclude Central Asians from exporting through Iran, even if their survival depended on it, and even though a glance at the map shows that several of the most obvious alternative pipeline routes from both sides of the Caspian traverse Iran. This is U.S. policy today, despite the fact that the United States itself continued to import Iranian oil through the first fourteen years of the Islamic Republic's existence.

These five factors have shaped America's response to the crisis in Central Asia. The policies of a democratic Russia in the region are assumed to be benign, so the Clinton administration has given Moscow a free hand there. U.S. policy holds that reintegration with Russia is acceptable so long as it is voluntary and peaceful, disregarding the possibility that economic coercion can force a country to heel without either the threat or use of force. The United States has gone so far as to insist that there is "no linkage" between Russian efforts to destabilize the Caucasus region and the revision of the Conventional Forces In Europe Treaty, even though a treaty revision could legitimize Russian forces being used for this purpose. Moreover, because the United States holds Russian pipelines to be preferable to Iranian ones, the Export Import Bank has extended credit to Russia for pipeline development without imposing any of the obvious conditions regarding free access to markets that might protect Central Asian or Azerbaijani sovereignty. Americans have also invested heavily in the very Russian energy cartels whose strong-arm tactics are jeopardizing the sovereignty of the new Caspian states. Is this not, after all, the best alternative to the Islamic fundamentalism represented by Iran?

By comparison, U.S. support for pipeline routes through Turkey has been belated and, to date, ineffective. Even if the American-supported pipeline link from Azerbaijan through Georgia were to be opened, its capacity would still be so small as to allow only a modest part of Azerbaijan's production to reach markets through any but Russian channels. Consistent with its tilt in favor of both Armenia and Russia, the United States turns a deaf ear toward Azerbaijani complaints that Washington is forcing it into a corner.

And a very crowded corner it is. Kazakhstan has been driven there, as have Turkmenistan, Uzbekistan, Kyrgyzstan, and Tajikistan. Even though the latter two lack major energy resources, they are inevitably affected by policies that isolate them from one of their natural trading partners. The U.S. boycott of Iran has done far more than the Russian army's troops along the Tajik-Afghan border to perpetuate the Soviet Union's policy of isolating Central Asia, not only from Iran but from the outer world in general. Back in the 1980s Washington attempted unsuccessfully to punish Europeans for seeking to obtain Siberian gas through a Soviet pipeline traversing the most natural route across Russia and Ukraine. Now it is doing the same with regard to Caspian oil and gas. But this time it is the new states of Central Asia and Azerbaijan that are forced to pay the price. They are being held hostage to U.S. policy toward a third state, in this case Iran.

The Iranian Factor

IS THIS NOT a small price to pay if U.S. policy toward Iran leads to the establishment of a reasonable regime in Tehran, one that would cease meddling in the Arab states of the Persian Gulf, stop trying to sabotage the Arab-Israeli peace process,

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forego aspirations for nuclear and chemical weapons, abandon terrorism abroad, and champion human rights at home? Undoubtedly. But the profession of laudable ends in a loud voice does not automatically justify all actions that one might undertake to foster those ends. The choice between what Peter Rodman calls "co-optation or confrontation" must be made on the basis of evidence as to both the efficacy and the cost of a given policy.[10] By either measure the Iranian part of "dual containment" is wanting.

Supporters and critics of the policy concur on one point: that the government of the Islamic Republic of Iran is in deep trouble. Economic breakdown, a plummeting standard of living, and popular discontent have led to talk of "meltdown" and of the regime's "imploding."[11] Where observers disagree is on the causes and likely consequences of collapse. Supporters of the current U.S. policy attribute the emergency to a combination of utter inflexibility on the part of the mullahs and to America's resoluteness.[12] They insist that nothing has really changed since Khomeini's death in 1989 because no one in power really wants change. Evolution being out of the question, they argue that Washington is right to push for the regime's destruction, which some believe to be imminent. Critics see the Rafsanjani presidency as Thermidor, the end of the revolution's radical phase and the beginning of an accommodation with the national past and the broader world. They acknowledge the regime's oppressive enforcement of Islamic norms in daily life, but note that even in the area of women's rights there have been gains as well as losses, particularly in the ability to get jobs outside the home. Accordingly, the United States should move with the times and open up a dialogue with the new rulers.

A third position sides with the critics in acknowledging the extent of change introduced by Rafsanjani but does not deny the obvious continuation of many of the regime's most repellent practices, especially terrorism but also human rights abuses, nuclear adventurism, and spoiler policies on several important regional and international issues. This view holds that the proper analogy for Rafsanjani's rule is not Thermidor but *perestroika*, in which a new leader sets out to save the core of the regime—in this case Shi'i Islam—by introducing radical reforms (a kind of shock therapy) in the economy and polity.[13] As in Gorbachev's Russia (which was Rafsanjani's obvious model in 1989), the reformer himself has one foot in the old camp. But this does not save him from being assaulted by diehard true believers, who from time to time succeed in forcing him to participate in their own retrograde deeds.

This analysis fits the facts better than either of the more extreme positions. It is inconvenient for U.S. policymakers, however, for it does not specify either imminent collapse or successful evolution as the inevitable outcome. Even if evolutionary change continues, it is likely that many elements of the Islamic Republic as it now exists might continue, albeit in diluted form. However, if the regime falls, this analysis suggests the possibility of a successor laying the blame squarely on Rafsanjani's *perestroika*. Turning away from today's tentative free-market measures and rejecting the growing separation of mosque and state, the successor could embrace some form of militarism and/or populist socialism that could lead to turmoil and

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[10]Peter Rodman, "Co-opt or Confront Fundamentalist Islam?" *Middle East Quarterly* (December 1994).

[11]Franklin L. Lavin, "Asphyxiation or Oxygen? The Sanctions Dilemma", *Foreign Policy* (Fall 1996), p. 36; and Robin Wright, "Dateline Tehran: A Revolution Implodes", *Foreign Policy* (Summer 1997).

[12]Patrick Clawson, *Iran's Challenge to the West: How, When and Why?* (Washington, DC: Washington Institute for Near East Policy, 1993).

[13]Jahangir Amuzegar, *Iran's Economy Under the Islamic Republic* (New York, London: I.B. Tauris & Co., 1993), pp. 79-91.

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other consequences even worse than what exists today in Iran. A too rosy reading of Russia's recent experience blinds one's eyes to these possibilities.

Whatever the validity of these observations, they highlight the extent to which U.S. policy toward Iran is now based on a single and bizarre assumption: that the apocalypse of total collapse in Iran will lead to a better outcome than an evolutionary process of change. By the by, one may question the morality of the United States trying to starve some forty million human beings into changing their form of government. But even if one is prepared to live with this, a serious question remains: What evidence is there that our policy is anything more than a gamble? Is it perhaps not really a policy at all, but a crusade?

Current U.S. policy has been calculated entirely in terms of possible benefits, without reference to costs. But there are costs aplenty. U.S. policy has driven a wedge between the United States and all the other advanced industrial nations, which not only recognize Iran but carry out substantial trade with it. Fully 60 percent of Iran's oil production still goes to Europe. The policy has isolated the United States from other countries as well. When Washington tried to prevent Russia from selling nuclear equipment to Iran, only Israel and Uzbekistan voted with the American representative at the United Nations. It is curious that even Saudi Arabia and the Gulf states, which have as much to lose as anyone from an aggressive Iran, have opened embassies there. They realize that the Gulf War strengthened Iran's position in the region, even if it may be imploding.

Meanwhile, even in its recently invigorated form, the policy is not working. When the United States issued its ban on the sale of arms Iran simply contracted with China for $4.6 billion in military hardware. It is true that containment has taken a toll on the Iranian economy and has reduced the purchase of arms to a lower level than might otherwise have been the case. But does this accomplish anything beyond perpetuating the paranoia and martyr complex that are the heart of that forlorn country's current affliction?

In the short term, too, America's attempt to isolate Iran is having a disastrous impact on Central Asia and Azerbaijan by denying to them the obvious outlet for their oil and gas and forcing them into Russia's arms. It has also encouraged Russia to exploit Iran's status as a victim of American hostility and for Iran to view Russia as a potential supplier of banned goods; no wonder that these traditional enemies recently signed a ten-year Treaty of Peace and Friendship with one another and are already using this new amity to gain a veto over Central Asian and Azerbaijani development in the Caspian, at the expense both of these nations and of Western firms.

In the longer term, the U.S. policy of isolating Iran has given Tehran and its neighbors on the Caspian every possible incentive to join forces and devise means of circumvention. Exploiting the commodity's fungibility, Kazakhstan and Azerbaijan have both signed agreements for Tehran to buy their oil and then export an equal amount of its own oil through its ports on the Persian Gulf or Indian Ocean. The Iranians are also building a rail line from the Turkmen border to their southern port of Bandar Abbas, so that Turkmenistan can eventually export gas to Asia. Newly opened road and rail connections now link Central Asia to northern Iran and hence to the Middle East and Turkey.

All the Central Asian countries have joined Iran, Pakistan, and Turkey in the re-activated Economic Cooperation Organization, which aspires to become a free-trade zone embracing diverse Muslim countries. On December 21, 1996, Turkey signed an agreement with Iran to build a new pipeline from Iran to the Mediterranean over which Iranian and, eventually, Central Asian and Azerbaijani oil will flow to Europe. In the same month Kazakhstan teamed up with Iran to form a joint company for oil prospecting. Even Tajikistan has entered into a deal with Iranian businessmen

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to build a major shopping center in its strife-torn capital of Dushanbe.

A Better Way

UNDER THESE circumstances, what should the United States do? The question is not whether to keep up the pressure on Iran, but how much pressure, where, and how.[14] Surely, it makes sense to cool the rhetoric about "rogue regimes" and draw back from the "all or nothing" approach that has yielded such ambiguous results to date. It is also time to acknowledge that Iran has been a significant power in the region since the days of Cyrus the Great and is likely to remain so in the future, as will Turkey. And, above all, is it not always prudent to adjust policy to new realities? U.S. policy toward Iran was shaped in the late 1970s and 1980s, long before the eight states of Central Asia and the Caucasus even existed as independent entities.

Adjusting U.S. policy toward Iran is not the same as abandoning it. It does not mean acquiescing in the export of religious radicalism; still less does it deny the United States the power to retaliate against terrorism in whatever ways it deems appropriate. But it does require the United States to accept the possibility that the two decades it spent pretending that Islamic Iran either does not or should not exist have not produced the desired results, and that some form of regular dialogue is past due.

It took the United States thirty years to reach the same conclusion about Mao's China, but who today would deny that on balance the change was worth it? Few of the benefits of the new relationship with China were visible at first, but the United States forged ahead anyway. But will the Iranians play ball? No one should expect them to do so at first; after all, it took months of quiet diplomacy even to get the Chinese to play ping-pong, but the United States persisted. It is interesting to note in this regard that only months after the radical Taliban forces seized power in Afghanistan, the State Department encouraged other countries to "engage" with the mullahs of Kabul in order to moderate their behavior.[15] Why not try this step-by-step approach with Tehran?

By abandoning the all-or-nothing approach, the United States can continue to exert pressure on Iran while at the same time backing away from the policies that are so crippling to America's professed objectives in Central Asia and Azerbaijan. Such a change could be translated into specific actions. For example, U.S. law is unclear whether American oil firms can participate in Caspian consortia in which an Iranian firm holds even a minority share. Why not approve such arrangements, since the alternative is for the Iranians or Russians to take a larger share? This already appears to be happening through the back door through the vehicle of presidential exemptions to the law of the land—as was the case, for example, with the TengizChevroil offset agreement between Kazakhstan and Iran. But it could, and should, become U.S. policy.

Beyond this, the United States could reaffirm strongly that its support for the sovereignty of the Central Asian states and Azerbaijan implies that those countries have access to multiple channels for exporting their oil and gas to world markets. We should drop our opposition to pipelines through Iran, and desist from punitive actions against countries and firms that finance and build them. We should also encourage the development of pipelines across Afghanistan to Pakistan, and even across China, which may in the long run become the primary market for Central Asian energy.

For the same reasons the United States should drop its opposition to the use or construction of Iranian-Turkish pipelines that might benefit these same countries, and should redouble its support for a new pipeline linking Azerbaijan with Turkey and the Mediterranean.

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[14]Geoffrey Kemp, *Forever Enemies? American Policy and the Islamic Republic of Iran* (Washington, DC: Carnegie Endowment for International Peace, 1994).

[15]John F. Burns and Steve LeVine, "How Afghans' Stern Rulers Took Hold", *New York Times*, December 31, 1996.

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At the same time the United States must adopt a more even-handed policy with respect to Armenia and Azerbaijan, ideally by repealing the Azerbaijani sanctions that Congress appended to the Freedom Support Act of 1992. Failing that, President Clinton could lift punitive measures against Azerbaijan by issuing to Congress a "determination" that Azerbaijan has ceased all "offensive uses of force against Armenia and Nagorno-Karabakh" (section 907), which is in fact the case. And as to Azerbaijan's continued blockade of territories claimed by Armenia, is this not a fit subject for negotiation, along with Armenia's seizure of whole regions of Azerbaijan and the enormous refugee problem that action has created?

Critics will be quick to point out that these measures will benefit Iran financially. Yes, they will; so be it. But the profits accruing from transport tariffs will not be enough to turn around Iran's failing economy, while the benefits to the long-term security of Kazakhstan, Azerbaijan, Turkmenistan, and the rest of the region would be incalculable. These measures would give those countries leverage that they now lack in the exploitation of their most valuable products. They would enable these governments to maintain the balance among their powerful neighbors—Russia, Iran, and China—that is essential to their survival and to the regional tranquillity. And if the Caspian Basin does become the major energy exporter that most experts predict it to be, it will reduce the relative importance of the Persian Gulf and Iran's capacity to meddle there. That alone would be worth the cost of allowing Iran to participate in the export of Central Asian and Azerbaijani energy.

But would this not amount to inviting the Iranian wolf into the Central Asian henhouse? No, the metaphor misstates the case. The Central Asians are inoculated by religion, tradition, education, and secularist commitments against any Khomeini-type theocracy. Indeed, recent experience suggests that closer Iranian links with Central Asia and Azerbaijan will have at least as great an impact on backward Iran as on the more literate populations to the north. This is not surprising, for over the past three thousand years Central Asia has more than held its own in its political, economic, and cultural interactions with Persia.

Finally, what about the objection that these policies are directed against Russia? Well, they are not. What is proposed here would simply level the playing field that U.S. policy has tilted strongly toward Russia and against the Central Asians' prospects for true independence. Russia has every right to compete for a role in the development of Central Asian energy resources, and its proximity gives it a certain advantage that the market may well affirm. But it has no right unilaterally to lay down the terms of that competition or to use strong-arm tactics to determine its outcome.

Deputy Secretary of State Strobe Talbott has aptly referred to the "irredentist impulses" that lurk in some quarters of the Moscow political world.[16] Weak with respect to Central Europe and even the Baltic states, these impulses are alive and well among leaders of the Russian energy cartels and their allies within the government, and are directed against Central Asia and Azerbaijan. Only if one equates these particularist interests with Russia as a whole can it be said that the proposed policies are anti-Russian.

More important, perhaps, are the implications of this energy-based irredentism for the prospects of reform in Russia. What is good for Gasprom, Lukoil, and Transneft is not necessarily good for Russia, let alone for its struggling democratic system and market pluralism. It is inappropriate for America to be telling the Russians that they cannot be ruled by an oligarchy if they so wish. But America should not be actively supporting what is one of the most powerful anti-democratic forces in the new Russia, let alone promoting its interests in such a way as to make the sovereignty of Russia's southern neighbors its hostage. Fortunately, the necessary correctives are readily at hand. □

[16]Deputy Secretary of State Strobe Talbott, speech at the fiftieth anniversary of the Harriman Institute, Columbia University, October 29, 1996.

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Tough Choices

Toward a True Strategic Review

Dov S. Zakheim

WELL BEFORE Bill Clinton was re-elected to office, indeed long before the Congress required a formal review of U.S. defense posture as part of the Fiscal Year 1997 Defense Authorization Act, the Department of Defense realized that such a review was inevitable. As early as 1995 Pentagon leadership recognized that it simply could not fund its declaratory strategy, which called for supporting two major regional conflicts (MRC) simultaneously. This strategy had accorded insufficient attention to the seemingly endless expansion of peacetime missions under the rubric of the catch-all phrase "Operations Other Than War" (with its horrible acronym, OOTWA) that marked the first Clinton term. Moreover, advertised savings from infrastructure cuts, acquisition reform, and other longtime favorites of budget cutters had failed to produce the extra resources needed to support the two MRC force. Defense Department principals therefore had no alternative but to reconsider the assumptions upon which it had planned, programmed, and budgeted forces since Mr. Clinton's first year in office. The Congressional legislation, drafted with Pentagon input, merely added a bipartisan flavor to the bitter strategic pill that the Defense Department's leadership knew it would have to swallow.

But is a true strategic review likely to take place? There are few indications that a thorough rethinking of American defense posture is about to occur. The services, as well as related civilian agencies, appear to be jockeying for programmatic and budgetary position in much the same way as they did in the past. Long-standing panaceas have not faded away either; on the contrary, the appeal of false hopes seems greater than ever. Complicating an already gloomy budgetary picture is the November 1996 decision to remain mired in Bosnia, the Russian Duma's failure to ratify START II, and increasing pressures to deal with a ballistic missile threat that the General Accounting Office asserts is nearer than the administration acknowledges.[1] Nevertheless, the very act of undertaking a Quadrennial Defense Review, scheduled to be released this spring, affords Congress and the nation a focused opportunity to ponder future defense posture and strategy. It is an opportunity that should not be wasted.

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[1] *Foreign Missile Threats: Analytical Soundness of Certain National Intelligence Estimates* (Washington, DC: General Accounting Office, 1996), pp. 3-4.

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Can We Afford the Forces We Need?

THE CONGRESSIONAL legislation mandating the review of American force structure, coupled with an independent assessment by a "National Defense Panel", cuts to the heart of the debate over military sufficiency in the post-Cold War period. The Bush administration's response to the changing international environment was to identify a "Base Force" that postulated levels below which, the administration asserted, the military could not defend America's interests effectively. The Clinton administration's 1993 Bottom-Up Review (BUR) carried the reductions authorized by the Base Force one step further, while adding the strategic gloss of two MRCs. The BUR was not directed against any particular threat as Cold War force postures had been. Nevertheless, the review posited scenarios that called for essentially the same American response as did a Central Front war in Europe. The enemy would launch a major cross-border land attack in a region proximate to the sea, and with relatively little warning, though enough of one to allow a major airlift of troops. In the BUR's case the enemy was twin-headed: North Korea would attack across the 38th Parallel; Iraq would attack Kuwait and/or Saudi Arabia. The BUR attempted to structure overall force levels by aggregating individual building blocks—divisions, aircraft carrier task forces, and air wings—that were required to meet these two disparate threats. It also reflected America's proclivity to plan in terms of the past, in this case our experiences in Korea and the 1991 Persian Gulf War.

In propounding the Base Force and the BUR force, neither the Bush nor Clinton administration looked squarely at America's changing international situation, given the disappearance of what had been its major adversary during the previous half century. In particular, the BUR did not address unfamiliar contingencies, and contained little about the state of America's alliances; it merely noted their existence. To be sure, it assumed that America expected to fight in disparate future circumstances at the head of international coalitions, but it postulated that U.S. "forces must be sized and structured to preserve the flexibility and the capability to act unilaterally, should we choose to do so."[2]

More troubling was the fact that the Bottom-Up Review offered a force that was simultaneously too much and too little for the roles the United States was most likely to play during the early years of the twenty-first century. America's two major crises of 1996—in Bosnia and the Taiwan Straits—set parameters that highlighted the BUR's shortcomings at both ends of the military spectrum. On the one hand, our ongoing involvement in Bosnia demonstrated that "peacekeeping" was not a tertiary activity, as the BUR had implied, but an ongoing effort of serious political and budgetary significance. On the other hand, the Taiwan Straits crisis of late winter indicated that the forces identified in the BUR fell short of those that would be needed in major conflicts outside the scope of the Review.

The Bosnia operation indicated that the United States, for the first time in its history, seemed prepared as a matter of course to dedicate its military capacity in support of the principle of collective security. The forces required to implement that principle, within the rubric of multinational peacekeeping or peacemaking activities, posed unique demands in terms of military skills and materiel. The training and equipment necessary for these activities no longer could be considered merely a "lesser included case", subsumed within the demands of a potential war in Korea or the Persian Gulf. Indeed, to the extent that peacekeeping promised to become an increasingly domi-

[2]Les Aspin, *Report on the Bottom-Up Review* (Washington, DC: U.S. Department of Defense, 1993), p. 15.

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nant theme of American military strategy, the Department of Defense would have to find funds to support that activity. These funds would have to be either in addition to, or in lieu of, those required by BUR-driven force planning. Given budgetary trends since the mid-1980s, it appeared that peacekeeping funding would have to come at the expense of other capabilities.

As noted, however, the Bottom-Up Review also fell short of providing for another potential set of requirements. Had the Taiwan Straits crisis spun out of control, the United States could have found itself at war with China. The role of ground forces, other than amphibious forces, in such a confrontation would have been problematic; the region is dominated by islands and littoral areas. Naval forces and land-based aviation—if basing could be found—would have been taxed to their limits. To the extent that ground forces were called for, they would either have been of the amphibious variety or highly mobile units that combined easy and rapid deployability with considerable firepower. America's armored and mechanized forces would have been largely superfluous to the conflict, yet they could not have compensated for the removal of other forward and rapid deploying units from other theaters worldwide. Thus, while the United States might have been expected to prevail against China, it would have done so at the expense of its ability to maintain its forward military presence anywhere else in the world.

Yet the BUR essentially preserved the Cold War allocation of forces and resources among land, naval, and air forces. Its authors did not consider that such an allocation could well be inappropriate to a major regional contingency that was not a replay of the last successful American war. Nor did it identify systems, such as the Army's armored combat system, that could significantly increase the flexible firepower available to ground forces. As in the case of peacekeeping requirements, the resources needed to support a contingency requiring greater levels of truly flexible forces could only have come at the expense of other resources (and therefore forces) validated by the Bottom-Up Review.

Funding Shortfalls

IN A SENSE, though, it would have been pointless for the Bottom-Up Review to identify new needs since, in reality, there were insufficient resources even to support the original BUR-generated force levels. The current resource shortfall stems directly from the philosophy that governed the Clinton administration's basic approach to defense matters during the first term.

President Clinton came to office emphasizing not only the priority of domestic matters ("It's the economy, stupid"), but seeking both a $60 billion reduction in FY 1994-99 defense expenditures and a revised approach to planning defense priorities. The Bottom-Up Review was tailored to fit within budget ceilings that had already been framed by the Office of Management and Budget for the future years of Mr. Clinton's term. The OMB identified all but $13 million of the five-year "savings" that the Clinton administration announced six months earlier in April 1993, and promised to find the remainder within the plan for fiscal years 1995-98. Forces and budgets seemed to be in balance.

By the time of its public release, however, the BUR was effectively a dead letter. Within weeks of its appearance, budget constraints forced the administration to lower its force level estimates from those outlined in the Review. For example, the Review called for a fleet of 346 ships by fiscal year 1999, whereas the administration reported in January 1994 that it could at best support a force of 331. The BUR likewise retreated from its postulated force of "up to" 184 bombers in fiscal year 1999, stating that it would be able to field at most "approximately 140 bombers."[3] The longer

[3]See U.S. Department of Defense, Office of the Secretary of Defense, *Annual Report to the President and the Congress* (Washington, DC: USGPO, 1994), p. 27.

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term budget prognosis presaged a far greater gap between the BUR's postulated force levels and those likely to be achieved as a result of the administration's resource plans. Estimates of the budget shortfall varied from the administration's own belated acknowledgment in December 1993 that it required an additional $25 billion through FY 2001, to estimates of shortfalls in excess of $250 billion through FY 2010. The latter foreshadowed a 50 percent reduction in active force levels, thereby rendering the BUR militarily unsustainable.[4]

The shortfalls were due to several factors. First, the administration took office with wildly optimistic notions of its ability to manage reductions in defense overhead, to rein in the accelerating cost of weapons system modernization, and to control the historical exponential growth in operations and maintenance costs. Second, the administration demonstrated a proclivity to commit American forces to peacekeeping operations for which budget funds had not been anticipated. Third, the administration expanded the level of defense budget funding for non-defense activities, in effect employing defense resources to support social welfare and other activities that otherwise might not have been funded. Finally, the administration pegged its long-range budget hopes on the extension of current low inflation rates, allowing it to project savings in billions of dollars. Each of these four factors deserves some elaboration.

Failure to control costs. The administration's optimism about its ability to control costs was based in part on the expectation that it would reap the budgetary rewards from the early phases of the base closure process that had begun in 1987. This process had involved the creation of a Commission to recommend base closures, thereby depoliticizing an issue that otherwise would have been impossible to resolve. The effort became politicized yet again, however, as the Commission turned to those facilities that were more difficult politically for the administration to close—notably bases in California. The original plan for the elimination of seventy-seven additional facilities in the 1995 round of closures was cut back by about a third. Moreover, the Commission announced no timetable for future base closures. Finally, even those bases that were nominally closed often remained open to house other government agencies. As a result of all this, the fiscal rewards of base closures simply did not materialize as expected.[5]

The administration also promised major savings from acquisition reform, a promise that had been made many times in the past but that had never been realized. This time, administration principals asserted, the Clinton team was committed to increasing the acquisition of off-the-shelf items that were not developed to military specifications. It promised to cut back on the number and complexity of specifications, and to speed up the acquisition system. Yet it failed to reckon with the rigidity of a bureaucracy whose survival instincts took precedence over any drive for efficiency. As a result, the savings, such as they were, came far more slowly than anticipated.

The administration also found that, like its predecessors, it could not restrain the technology-driven increases in the costs of weapons system development. One particular and troubling example involved the much-vaunted F-22 aircraft. Designed to replace the Air Force F-15, the F-22 is one of three new aircraft in various stages of development, including the F-18 E&F upgrade of the F-18 C/D, and the Joint Strike Fighter. The Air Force originally planned to build 648 F-22s at a projected cost of $75 billion. By late

[4]Dov S. Zakheim and Jeffrey M. Ranney, "Matching Defense Strategies to Resources: Challenges for the Clinton Administration", *International Security* (Summer 1993), p. 73.

[5]A senior defense official briefing the press on the FY 1998 budget acknowledged that four rounds of closing and/or realigning 300 installations had yielded only $6 billion in annual savings. "Spirited Debate", *Inside the Pentagon*, February 6, 1997, p. 1.

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December 1996, the program had been reduced by nearly one-third to 438 aircraft, while a Defense Department Joint Estimating Team projected that costs could rise as high as $80 billion, or $182 million per plane.

The price-driven reductions in the size of the F-22 purchase may not be at an end, however. In order to contain costs, the Pentagon is planning reductions in the number of test aircraft that it was scheduled to acquire. "Success oriented" test plans invariably drive up long-term costs. Adjustments that might have been identified prior to production are only made after the plane's hard tooling has been ordered; prices climb higher, and force levels drop even further.

The impact of the F-22's price increase also extends to other planned aircraft programs. Should the F-22 schedule slip as a result of the rise in costs, it will interfere with planned acquisition levels for the F/A-18 E&F and the development-to-production profile of the Joint Strike Fighter. Indeed, Congress has already alleged that the administration underfunded the latter two programs when it increased funding for both in its FY 1997 authorization bill.[6] Clearly, the prospects for acquiring these two systems at their projected force levels are uncertain at best.

The impact of technological cost growth extends beyond aircraft to all classes of weapons systems. The administration's FY 1997 plan for missile modernization is a case in point. The Authorization Act added $94 million to the President's request for precision-guided munitions and a further $55 million for other programs identified by the service chiefs (who calculated the annual procurement budget shortfall at $60 billion) and not at all funded by the President's budget.[7] In both cases, requisite force levels would have been delayed or not achieved at all without the infusion of these additional resources.

Infatuation with peacekeeping. Bosnia represented a new high-water mark for the administration's rather vaguely labeled national security strategy of "engagement and enlargement", whose "central goals" were "enhancing (American) security . . . promoting prosperity at home [and] . . . promoting democracy" abroad.[8] Yet even before the United States joined NATO's Implementation Force (IFOR), that strategy had already resulted in an unprecedented level of American military activity in "operations other than war." By 1996 the Clinton team had dispatched forces overseas on over twenty-five different occasions, and had continued to operate forces on missions it inherited from preceding administrations.[9] The administration invariably underestimated the cost—and length—of these operations, and therefore found itself returning repeatedly to Capitol Hill for supplemental appropriations.

The decision to dispatch ground forces to Bosnia was the most egregious example of this practice. The Department of Defense initially calculated the cost of the operation—from start to finish—at $1 billion. By the end of FY 1996, that cost had more than tripled. Then, immediately after the 1996 presidential election, Mr. Clinton announced that 8,500 troops would remain in Bosnia past the December 1996 IFOR withdrawal deadline. It was not made clear at the time how long these troops, or some portion of them, would remain in that troubled country, nor how much the operation would ultimately cost.[10]

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[6]House National Security Committee, "H.R. 3230 Fiscal Year 1997 National Defense Authorization Act Conference Report: Summary of Major Provisions", July 30, 1996, p. 9.

[7]Ibid., p. 10.

[8]The White House, *A National Security Strategy of Engagement and Enlargement* (Washington, DC: July 1994). The document never explicitly defines "enlargement" or "engagement."

[9]These are listed in Richard F. Grimmett, *Instances of Use of United States Armed Forces Abroad, 1798-1995*, CRS Report 96-119F, Feb. 6, 1996, pp. 18-25.

[10]Secretary of Defense William S. Cohen has stated that the post-IFOR deployment will extend no longer than eighteen months. Nevertheless, there could still be yet another follow-on deployment in or near Bosnia.

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Peacekeeping operations are funded from the operations and maintenance (O&M) accounts unless the Congress specifically earmarks funds for them. By underestimating the costs of these operations, the Clinton administration virtually assured that they would be covered, at least initially, by other O&M funds. Since these funds would have been applied to training and readiness—both nominally high on the administration's list of priorities—those activities in turn had to be either curtailed or supported by funds diverted from still other accounts. Ultimately, the modernization accounts replenished the O&M shortfall, and the reduction in modernization funding meant that older systems have remained in the force longer than anticipated, while ongoing weapons programs have had to be "stretched." As always, stretching out programs increases unit costs, and leads to purchases of force levels even lower than those resulting from technology-driven price increases.

Non-defense programs in the defense budget. The defense budget has increasingly become the repository for programs having little if anything to do with defense. With Congress as the primary culprit, departmental expenditures on non-defense related programs rose from $1.4 billion in FY 1990 to $4.6 billion three years later. By FY 1997 these accounts were in excess of $10 billion. They included funding for environmental clean-up and compliance, security at the 1996 Olympic Games, and even breast cancer research. These funds were drawn virtually in their entirety from the operations and maintenance accounts, further aggravating O&M budgetary shortfalls.

Excessive optimism on inflation. The administration has also resorted to projecting current low inflation rates through the future year defense program. Despite consistent warnings from the Federal Reserve Board that underlying inflation is likely to rise over the longer term, the administration has identified budget "savings" from revised inflation rates so as to offset other cost increases. Faced with a shortfall for the FY 1996-2001 program that it acknowledged to be $49 billion, the administration identified $12.2 billion as savings due to revised inflation and related cost-of-living estimates.[11]

More outrageously, the Pentagon identified "over $4 billion . . . in program additions" for FY 1997 as a result of revised inflation estimates.[12] These revisions, which derived from lowering estimated annual inflation from 3.0 to 2.2 percent, allowed the administration to "find" $1 billion for Bosnia in FY 1997. The administration also claimed that "because of lower inflation, it takes $46 billion less to buy the FY 96 defense program" and "the FY 1997 FYDP (future years defense program) buys last year's program but also $30 billion additional program [sic]."[13] The revised estimate thus enabled the administration to plan for a rise in procurement funding beginning in fiscal year 1998, after that account reached its lowest budgeted level since before the Korean War ($38.9 billion). This, in turn, enabled the administration to claim that it had allocated additional procurement funds in the 2000-02 time frame, to which it had deferred the bulk of its procurement program.

All this is clearly disingenuous. It is unlikely that during the next six years, when currently planned systems begin to be fielded and operated, inflation rates will remain as low as they have been over the past four years. There have not been four consecutive years with similarly low rates since the 1950s. On the other hand, in two of the past twenty years inflation exceeded double digits and in four others it exceeded 8 percent. Leaving out the two years with double-digit price growth, the average annual inflationary increase for the remaining eighteen years exceeded 4.5 percent. Under these circumstances, it would

[11]"Fiscal Year 1995 Contingency Costs" (Washington, DC: Department of Defense, 1993), p. 13.

[12]Office of the Assistant Secretary of Defense (Public Affairs), "Department of Defense Budget For FY 1997", March 4, 1996, p. 1.

[13]Department of Defense, "FY 1997 Budget Briefing", March 4, 1996, pp. 5-6.

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have been prudent to have retained the assumed inflation rates of at least 3 percent for long-range budget projections extending into the twenty-first century. As things stand now, any increase in inflation through the year 2002 will have a significant impact on the defense budget, further constraining annual equipment purchases. The department would not only have to endure further programmatic stretch-outs, but it would also be burdened either by a further drop in force levels, or by increased O&M costs to support weapons systems that otherwise should have been retired. Neither option is especially welcome in the Pentagon.

Policy and budgetary considerations affecting force planning are conditioned by sociological factors as well. The American public is reluctant to tolerate casualties in any conflict other than one clearly in defense of American vital interests. This in turn seems congruent with the desire of some civilian and military observers to capitalize on what has been termed the "revolution in military affairs" (RMA). The RMA is meant to occur, according to former Defense Secretary William Perry, "when the incorporation of new technologies into military systems combines with innovative operational concepts and organizational adaptations to fundamentally alter the character and conduct of military operations."[14] The revolution, which focuses on remote sensors and long-range precision strike weapons, on advances in command and control, and on the components of "information warfare", seems to promise combat with fewer troops and even fewer casualties. It therefore appears to be the panacea for which the American public is looking.

The RMA, however, is unlikely to save the day. The command and control technologies that comprise its core can be no better than the inputs that feed it and the end use that is made of it. Artificial intelligence can best help humans reach rational choices in pre-ordained circumstances, but warfare is notorious for generating circumstances that do not fall under this category. Moreover, resource availability, the bane of current programs, will haunt RMA technologies as well. Even if they can be developed and fielded as weapons and systems, such technologies will cost far more than current budgets provide. Only generally reduced force levels will enable the so-called RMA to materialize, yet the joint chiefs of staff have been as resistant to force level reductions as they have been insistent that both procurement and research and development funds be increased. Given budgetary constraints, this simply cannot be accomplished—something has to give.

New Assumptions, New Savings

IF IT IS to be a meaningful exercise, the Quadrennial Defense Review (QDR) should confront directly the political/military, technological, and budgetary issues that arose from both the BUR and the Clinton administration's employment of military forces during its first term of office. The QDR must adopt a "top-down" approach. It must first examine the fundamental political assumptions that underlie our current and projected strategy. It must then relate those assumptions to the realities that govern our system of managing and provisioning the military structure. Accepting these realities calls for: acknowledging the limited prospects for altering military requirements through the "revolution in military affairs"; recognizing the need for honest projections of budgetary savings (including

[14]See William J. Perry, *Annual Report to the President and the Congress* (Washington, DC: USGPO, 1996), pp. 83-4. Analysts have frequently also referred to the "military technological revolution." The two are not identical, though they are often confused. The "revolution in military affairs" is meant to be an all-encompassing term that extends beyond technical developments to an understanding of the optimum manner in which they might be employed.

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recognition of the limits to savings that can be achieved by reforming the acquisition process); avoiding excessive optimism concerning the prospects for further reform of the defense infrastructure; and, ultimately, accepting the ongoing imperative of budgetary constraints on force planning and programming.

As to U.S. strategic and political assumptions about the world, we need first to take a hard look at the matter of peacekeeping. It has become increasingly clear that, despite its rhetoric, the Clinton administration really does not see any major threat on the horizon, and is therefore prepared to refashion the armed forces for operations in support of at least sporadic bouts of collective security. It has broadened its peacekeeping horizons beyond existing multinational organizations such as the United Nations and NATO; in proposing a pan-African force, for example, Washington appears ready to create new and untested vehicles for peacekeeping and peacemaking to which it will dedicate American forces.

On balance, this is a bad idea. The administration is overlooking America's true comparative military advantage: the ability to deploy more forces, more rapidly, over longer distances, than any other power on earth. This ability should be the cornerstone of force planning. Missions and capabilities that enhance it should be encouraged; those that detract from it should be avoided. If that guideline is applied, it becomes immediately clear that the United States has no comparative advantage in peacekeeping capability. Indeed, the advantage lies with several states that have trained and operated forces for such missions for years, even decades. Sweden, Canada, Austria, Finland, even Fiji, are far better versed in these missions than the United States. It is to these states, and to others with similar capabilities, that the international community should turn for land force contributions to new peacekeeping missions, even when the United States takes the diplomatic lead.

To be sure, certain peacekeeping operations will require logistical capabilities that outstrip those of states contributing land forces to them. In such cases—as for example, operations in Zaire in the late 1970s—the United States should be prepared to offer airlift, communications, and other logistical services. But by staying off the ground, so to speak, it would not become enmeshed in questions of command authority, nor in plans for nation-building, both of which have complicated recent American operations in Somalia and Bosnia.

Similar considerations of comparative advantage lead inevitably to a case for reducing America's active land combat force levels. It was not at all clear, even during the height of the Cold War, why the United States made more strenuous efforts to provide forces for the Central European front than did many of its NATO allies. In any event, during the 1970s the United States made do with twelve active divisions, a level below which the Clinton administration has only fallen in FY 1996. With the end of a clear scenario for major combat on land, *the case for maintaining a land force that even remotely resembles that of the Cold War era is simply untenable.*

It should be noted that many NATO allies are themselves cutting back on their active forces, signaling their lack of concern about potential threats to their security. But in so doing they are also undermining their contribution to America's security. After all, alliances are meant to provide benefits to all. The United States benefited from the ability to operate on its allies' soil in exchange for the promise of rapid reinforcement and, more importantly, a strategic nuclear umbrella. Perhaps the time has come for Washington to reconsider whether such an arrangement works to its best interests in the case of every NATO member. Such a strategic review might be just the tonic that some allies need to rouse them into contributing their fair share to their own defense, especially in the form of

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land forces, if they wish to continue to benefit from an open-ended American commitment to that defense.

Additionally, many unanswered questions about the military consequences of enlarging NATO need be brought to bear. Unless the European members of NATO take more responsibility for providing their own ground forces, it may be impossible for the United States to offer credible security guarantees to new NATO members under current budgetary and procurement conditions.

Finally in this regard, the administration has acknowledged the need for theater missile defense; indeed, it could not have done otherwise given America's experience with Iraqi Scud missile attacks during the Gulf War. But on the need to develop a national missile defense the administration continues to hedge, defying the reality of potential threats from China and the near-term prospect of threats from other states. The BUR did not address strategic forces, and it is unlikely that the QDR will do so in sufficient depth. This is unfortunate: No review of America's long-term force structure requirements can be oblivious to strategic defense issues. Indeed, should Russia refuse to ratify the START II agreement, the case for strategic defense will take on still greater urgency and America's offensive nuclear posture will, of necessity, have to be re-evaluated.

It may be possible to solve the latter part of this problem, as the Clinton administration is reportedly inclined to do, by moving on to a START III treaty that would further reduce strategic launch vehicles from 3,500 to 2,000, but this may prove to be politically unavailable because of Russian demurral, and unwise to undertake unilaterally. If there is no START III and the Duma does not ratify START II, the cost of keeping weapons in the force that would otherwise be retired could amount to more than $5 billion over seven years—not an insignificant sum. Should U.S. planners decide that force modernization is required in the absence of START II implementation, then costs would rise further. Obviously, this is an issue that ought to be taken seriously in the QDR for financial reasons alone.

SO MUCH FOR a more realistic set of strategic assumptions; where do they and the hard realities of resource constraints lead us in identifying potential savings?

The Bottom-Up Review's rosy assumptions regarding savings from acquisition reform have served only to mask the gap between resource requirements that the BUR generated and the availability of future funds to meet those requirements. Overly optimistic inflationary estimates only compounded the problem of closing that gap. That said, acquisition reform is a long-standing government objective and it remains a worthy effort. But its potential impact must not be exaggerated. While the Clinton administration has made a major effort in this sphere, it is unlikely that reform will save more than approximately $1 billion annually. Indeed, the Pentagon recently reported on a major aspect of acquisition reform, that of simplifying military specifications for contractors (known as "milspec reform") that conflated cost avoidance (unrealized anticipated expenditures) with actual savings. The authors could not identify even as much as $500 million in annual savings.[15]

There are no quick fixes through acquisition reform or easy solutions through statistical manipulation to the mismatch between defense needs and resources. Claims to the contrary—such as House Speaker Newt Gingrich's proclamation that "we have every opportunity through reform to shrink the Pentagon to a triangle. We have every opportunity to apply the lessons of downsizing, the lessons of the information age"—do far more harm than good. The only way to solve the problem is to give up something in the force structure and, ideally, that some-

[15]Office of the Undersecretary of Defense for Acquisition & Technology, *Milspec Reform: Results of the First Two Years* (Washington, DC: Department of Defense, 1996).

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thing should consist of that which we are likely to need least. This brings us back to the matter of ground forces.

America's strategic concerns, particularly its growing preoccupation with power balances in Asia, militate for a posture more akin to that which it maintained before the Second World War—one that stressed major maritime capabilities, primarily in Asia. The United States should rely on the many alliance relationships that it created in the aftermath of that war for land force manpower—particularly, but not only, in Europe. By reducing the active Army to six divisions, half the level of the 1970s, the United States could still maintain its presence in Korea, its rapid deploying airborne corps, and at least two brigades in Europe. Doing so could save over $7.5 billion in personnel costs, if it were also to reduce the support associated with those divisions (the "division slice"). In addition, it could save over $8.5 billion more in annual O&M and military construction costs. Of course, a portion of the $16 billion in savings could be applied to the procurement of systems to support more flexible, lighter, yet higher firepower Army units. So too could funds originally intended to procure equipment for a ten division Army. Finally, even when reducing the Army by an additional four divisions, the United States would continue to maintain a three division Marine Corps.

As it reduces its active land force units, the United States should also make good on its plans to improve the capability of its reserve units. Reforming the reserves has traditionally been as politically difficult a task as closing bases—and as frequently promised by administrations of the day. The National Guard is a collection of fifty armies that operate at the behest of state governors and often have been a vehicle for gubernatorial largesse to political supporters. Reform of the National Guard, and of the Army Reserve, should nevertheless remain a major national priority. Reserve forces must be able to deploy in short order to remote locales—as the Air Force Reserve has consistently demonstrated it can do, and as Army combat reserves failed to do during the Gulf War.[16]

That said, the case for reducing naval and tactical aviation forces is nowhere nearly as strong. The capabilities of these forces are unmatched by those of other countries. They provide the United States with a rapid response capability second to none. Air forces have limitations with respect to deployability, but, where bases are available, they offer the maximum in firepower that can be marshaled and delivered with the utmost speed. Maritime forces offer presence, deployability, and independence from an overseas base structure that political vicissitudes render endlessly variable.

The specific nature of these forces should be subject to ongoing debate, however. The Navy's desired number of aircraft carriers has been set at fifteen since the 1950s. The Air Force's love affair with bombers continues despite the clear reduction of their strategic value. Other competing weapons platforms should not be dismissed for bureaucratic or sentimental reasons, as has often been the case in the past. There is no place in force planning for long-standing bureaucratic biases against particular naval or aviation systems; such biases frequently surfaced within the secretary of defense's Office of Program Analysis and Evaluation against promising systems such as the Navy's AV-8B Harrier attack aircraft, the Air Force's F-15E long-range fighter bomber, and the Marine Corps's Osprey tilt-rotor aircraft.

Finally in this regard, mobility forces constitute an especially potent and unique American capability. No other state has a cargo aircraft force capable of moving as much outsized equipment (such as tanks and helicopters) as rapidly for a longer range as the United States. Yet it must be acknowl-

[16]See Les Aspin and William Dickinson, *Defense For a New Era: Lessons of the Persian Gulf War* (Washington, DC: USGPO, 1992), pp. 59-60.

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edged that the need for such a large outsize capability has been driven by the Army's infatuation with progressively heavier tanks. New developments on the battlefield, such as lasers or depleted uranium rounds, should strengthen the case for smaller armored units. The need for large and expensive cargo aircraft would diminish in turn, as would the dependence of such aircraft on long, well-developed runways—even if they are capable of operating from poorly prepared airfields, as is the C-17.

ASIDE FROM THESE adjustments in the force structure, there are several other lesser, but hardly trivial, ways to address the imbalance between needs and resources. Five are worth noting.

First, emphasize weapons, not the physical platforms from which they are launched. The case for modernizing weapons, not platforms, extends back to the early 1960s. It is no less valid today. If the RMA has any validity at all, it is to emphasize the importance of new weapons at the expense of platforms. Such an emphasis would have a far-reaching impact throughout the defense structure. Tactical aircraft development could be slowed, with an emphasis instead on upgrading current systems. Such a decision could affect the acquisition of the F-22 and Joint Strike Fighter in particular. Similar considerations could militate against development of a new attack submarine, a system whose justification seems to lie more in preserving the defense industrial base than in military requirements.

Second, protect the O&M accounts from being raided for strategically marginal purposes. As noted above, the costs of peacekeeping invariably have been greater than initially estimated. Withdrawing from much of the peacekeeping business could yield savings in excess of $4 billion annually.

A similar figure could be realized through a more vigorous effort to winnow non-defense spending from the defense budget. It is questionable whether any such programs belong in the defense budget. Even if some do, for example environmental cleanup of defense facilities, these could be preserved in the budget while saving as much as $4 billion by eliminating the remainder of non-defense activities.

Third, curtailing base operations remains a major source of savings. The base closure process should again be initiated. Bases under consideration for closure in 1995 should again be brought into the Base Closure Commission's purview. Bases slated for closure should not be allowed to remain open for the reserves or anyone else. Staff working at those bases should be retired. The buildings should be closed and sold or given to the private sector. The Defense Department should no longer be responsible for police and fire protection and other ancillary costs that never seem to go away even after bases are shut down.

Fourth, the Pentagon should be more ruthless about cutting defense laboratories. There is little that these labs offer that the private sector cannot match. While some capabilities are unique to the Defense Department, these are far fewer than their proponents will admit, and many hark back to technologies that have long since been bypassed by the private sector. In an era when the Pentagon has stressed "contracting out" to civilian defense firms, and, more importantly, has acknowledged that technical leadership increasingly derives from commercial applications, the need for a large defense laboratory structure is simply indefensible.

Fifth, the Defense Department must acknowledge that deep cost reductions can only be realized through personnel cuts. Personnel costs amount to about half the defense infrastructure budget. Civilian personnel will soon cost more on average than uniformed personnel. Therefore *the stress should be on eliminating civilian jobs*. After all, military personnel assigned to support the infrastructure can also fight wars but civilians, in this regard, are strictly unidimen-

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sional. Even a skeptical General Accounting Office acknowledged that a vigorous program to reduce infrastructure personnel would yield a five-year savings of nearly $12 billion.[17] Taken together with an emphasis on weapons procurement in place of platforms, elimination of questionable O&M expenditures, cuts in the defense laboratory structure, and equally important, reductions in force structure, these measures would allow us at least to contemplate a defense posture that serves American security and is both affordable and politically acceptable in Congress.

IT IS IMPOSSIBLE to address in one article the breadth of issues that the Quadrennial Defense Review must confront. The fact that a Review is being undertaken at all is praiseworthy in itself; it is long overdue. It is to be hoped that the Review will not suffer from the shortcomings of its predecessor. To do so, it will have to go beyond superficial plans, address the international environment squarely, assess real savings and the difficult political decisions that they will engender, and avoid budgetary sleights-of-hand. To the extent that it does so, it can provide a most useful blueprint for the United States as it faces the next century, very much alone as the world's sole superpower. □

[17] General Accounting Office, *Defense Infrastructure: Budget Estimates for 1996-2001 Offer Little Savings for Modernization* (Washington, DC: USGAO, 1996), p. 15.

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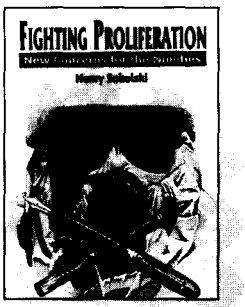

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Is Asia's High Growth Era Over?

David Hale

SINCE THE mid-1980s, Western academics and policymakers have regarded the "tiger" economies of East Asia as an interesting intellectual laboratory for debating theories about the causes of economic growth. Advocates of laissez-faire economic policies have pointed to the region's prolonged export boom as a triumph of market-led growth. Advocates of interventionist policies have regarded the successes of South Korea and Singapore as a vindication of government industrial targeting, inspired in part by Japan's postwar economic take-off.

In the mid-1990s, however, Asia experienced a growth slump that has called into question both its export dependence and its traditional development formula of achieving growth through high levels of domestic savings and investment. In 1996, in particular, there was such a sharp deterioration in the corporate profitability and stock market performance of Thailand and South Korea that many analysts now regard their economies as structurally flawed, not just cyclically depressed. The experience of 1996 suggests that Asian governments and business leaders will have to make a number of microeconomic adjustments in both public and private sectors if the region is to regain the economic vitality apparent during the late 1980s and early 1990s. In all likelihood, the tiger economies will do so.

If East Asia can enter the new century with its business confidence restored, the debate about the region's future will probably shift from today's obsession with conventional economic issues, such as corporate profitability and current account deficits, to the geopolitical implications of a region accounting for over half of the world's population and nearly a third of its economic output. Indeed, if things go reasonably well, the twenty-first century will be the first period since the Industrial Revolution in which Asia's share of world output is likely to correlate roughly with its population size. That, obviously, has major geopolitical as well as economic implications, and they are ones that are likely to confront us sooner rather than later.[1] In the early stages of the Industrial Revolution, it took Britain and the United States fifty to sixty years to double their per capita incomes. The countries of East Asia have been doubling theirs every ten years. Japan currently accounts for about 8.0 percent of world output and developing Asia for another 24.4 percent. The United States accounts for about 21.3 percent and the European Union for another 20.7 percent.

Where will these ratios stand in ten to fifteen years? That depends in large part on how those who run East Asia's expanding

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[1]Editor's note: See Paul Wolfowitz on that subject in his essay "Bridging Centuries" in this issue.

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economies manage their way out of the recent doldrums. And that, in turn, depends on how we and they understand the reasons for their successes and recent difficulties. Before we can say much about the future, therefore, a brief revisiting of the debate over the "Asian miracle" is in order.

How Did It Happen?

PAUL KRUGMAN has suggested that the Asian economic take-off of recent decades was similar in many ways to the large rise in Russian economic output that occurred during the two decades after the Second World War.[2] According to Krugman, the countries of East Asia had such high investment rates that no one should have been surprised that they enjoyed high rates of output growth. The Asian miracle, he maintains, was the "result of perspiration, not inspiration"; practically all of the growth in Asian output can be explained by the growth of factor-inputs such as capital and labor. The so-called "residual for technical progress" has been close to zero in Singapore, and only 1.7 percent per annum in Korea, 2.1 percent in Taiwan, and 2.3 percent in Hong Kong—compared to growth rates of 8-10 percent in all four countries.

Many pundits have found the Krugman thesis reassuring because it suggests that Asia has not experienced an economic miracle by pioneering some new formula for growth, that what has happened there does not, after all, negate the universality of basic classical economic analysis. Perhaps so, but there are still several serious problems with the Krugman thesis as a practical guide to understanding Asia's economic future.

First, there is no detailed consensus among economists about how to account for economic growth. While Krugman distinguishes generally between perspiration and inspiration in the growth process, others contend more specifically that the critical issue is the *quality* of the investment and the secondary impact that it has on wages, human capital, and other factors of production. In this respect, IMF economists have tested many of the statistical assumptions in the research that Krugman cites and have concluded that it was wrong. Michael Sarel, for example, reports that the growth of total factor productivity in many East Asian countries was much higher than the data quoted by Krugman.[3]

Second, East Asian countries did not pursue a Soviet-style economic program to maximize output solely through the creation of new productive capacity. They promoted a high level of savings and investment *while exposing most of their industry to global market forces.* As a result, they allocated resources in response to world price signals, not the bureaucratic directives of state planners. It is true that some countries, such as the Republic of Korea, rigged their credit allocation policies to favor certain industrial sectors and large capital intensive enterprises over small ones, but the focus was still on export-led growth.[4]

In addition to using world prices to allocate resources within their economies, the East Asian countries have heavily emphasized investment in critical public goods such as primary education. Singapore, Hong Kong, Taiwan, and South Korea introduced universal primary education in the 1960s; Thailand, Malaysia, and Indonesia soon followed. Korea increased its average schooling period from 3.3 years in 1960 to 9.4 years in 1992, and in this same period Singapore advanced from 2.9 years to 7 years, Taiwan from 3.2 years to 7.2 years, and Indonesia from 1.1 years to 4.1 years. (The major education laggards have been Thailand and India.) One

[2]Paul Krugman, "The Myth of Asia's Miracle", *Foreign Affairs* (November/December 1994).

[3]Michael Sarel, *Growth in East Asia: What We Can and Cannot Infer* (Washington, DC: International Monetary Fund, 1996).

[4]*World Development Report 1991: The Challenge of Development* (New York: Oxford University Press, 1991), p. 101.

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major challenge for Asia during the late 1990s will be to follow up with greater investment in high school and university education. Thailand, for example, already has severe shortages of skilled labor because it has not invested adequate money in secondary schooling.

If one accepts the premise that a high level of savings and wise investment strategies are essential prerequisites of economic growth, the economic outlook for Asia still appears to be promising. On the basis of official data, savings rates are high: China's is 44.8 percent, Indonesia's 37.3 percent, Korea's 38.0 percent, Thailand's 36.9 percent, Malaysia's 32.9 percent, and Singapore's 52.3 percent. In addition, some countries can draw upon the large wealth of their overseas Chinese communities, whose collective net worth according to some estimates exceeds $500 billion. The low savings countries in the region are the Philippines (15.6 percent), Pakistan (15.0 percent), and India (18.5 percent).

If educational levels keep pace, Asia's high level of investment should continue to promote rapid income growth by boosting ratios of capital to labor and increasing the overall technological sophistication of the economy. Research and development spending has risen sharply during recent years and many Asian companies have strong links to the American university system as well as to the multinational companies that are leading the way in the development of new technology. Singapore produces almost one-half of the world's computer disk drives, while Taiwan and Korea have become important factors in global semi-conductor production. Asia's export mix is rapidly becoming as capital intensive as the output mix of more mature industrial countries, and stands to play a more creative role in the world economy's technology "food chain."[5]

The recent debate about the origins of East Asia's economic success has made it clear that, indeed, there was no East Asian economic "miracle" after the 1960s. Nothing that has occurred contradicts the classical textbooks, or obviously owes anything to some ineffable Asian cultural qualities. But at the same time, the success that the region has enjoyed encompasses far more than gross levels of investment: It was essentially the result of good public policy, demographic trends, as well as some luck. Governments pursued policies designed to maximize private savings and investment while providing important public goods such as universal education. Declining birth rates and maturing populations helped promote higher savings rates. And in those countries where there was more bureaucratic intervention in the process of investment decision making, governments were fortunate to be constrained from making large mistakes by a heavy emphasis on export success and limited fiscal tolerance for losers.

East Asia's rate of economic growth should continue to run at levels at least two to three times above the Organization for Economic Cooperation and Development (OECD) average for some time. There will be cyclical corrections in response to slower growth of the world economy or to domestic monetary adjustments to contain inflationary pressures, but the basic trend of output growth should remain in the 6-9 percent range for the major ASEAN countries and China; Korea and Taiwan are likely to achieve rates in the 5-7 percent range. India should enjoy a growth rate of 4-6 percent through a mixture of population expansion and steady growth of domestic spending, but if Indian politicians could agree on a more radical economic (and educational) reform program, the country could achieve a growth rate of 8-10 percent.

[5]In 1994, 74 percent of Singapore's exports were from capital intensive industries compared to 36.7 percent in 1980. In Malaysia, 61 percent of exports are now from capital intensive sectors compared to 13.6 percent in 1980. Even China now has 31.1 percent of its exports in capital intensive sectors compared to 15.6 percent in 1980.

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To achieve such continued success, however, economic managers will need to navigate several macroeconomic risks and overcome some significant microeconomic challenges. The next two sections of this essay discuss these matters in turn, highlighting the many implications of Asia's choices for the United States and its non-Asian allies.

Macroeconomic Risks

DESPITE THE stellar economic performance that much of East Asia has enjoyed since the 1970s, the region is not immune either to global economic shocks or the misallocation of resources that can result from overly accommodating economic policy and easy access to the world's surplus liquidity. Indeed, many Asian stock markets have performed significantly below the U.S. stock market in recent years because of the region's vulnerability to external economic shocks, and also due to the failure of the corporate sector in some countries to maintain adequate levels of profitability.

Asia's greatest macroeconomic vulnerabilities are the region's heavy dependence upon exports and the increasing role of the electronics sector in driving export growth. Exports have been an important growth locomotive for many years, averaging 11.8 percent during the 1960s, 24.6 percent during the 1970s, 9.5 percent during the 1980s, and 11.8 percent during the 1990-95 period. (The major industrial countries, by contrast, had corresponding export growth rates of 9.5 percent, 19.0 percent, 6.0 percent, and 6.1 percent.) But fast locomotives can be accident-prone. Asian exports slowed sharply during 1996 because of the electronics industry recession in the United States and the sluggish growth of the other major industrial countries.

Indeed, despite the large increase in Japanese trade with Asia during the past decade, the United States still poses the greatest business cycle risk to East Asia. The American market remains so large and so open in comparison to Japan that exports to the United States account for one-third of Singapore's GDP, one-quarter of Hong Kong's, 16 percent of Malaysia's, and 9 percent of the Philippines'. China is also increasing its exposure to the U.S. economy: exports to the United States now account for 5 percent of China's official measure of GDP compared to less than 1 percent during the 1980s. While South Korea has reduced its U.S. export share of GDP to only 5.4 percent from 7.7 percent five years ago, its large electronics industry remains highly sensitive to business cycle shocks emanating from the American economy. In 1996, for example, South Korea's current account deficit rose sharply because the price of semi-conductor chips, which now account for 20 percent of the country's exports, fell by almost 75 percent as a result of inventory excesses in the major industrial nations. The electronics sector has grown so rapidly on the back of the 1990s computer boom that it now accounts for 51 percent of Singapore's total exports, 44 percent of Malaysia's exports, one-third of Korean and Philippine exports, and over one-quarter of Thai and Taiwanese exports.

Asia's second great vulnerability is its huge pent-up demand for infrastructure investment and the capital needs that will go with it. The region's investment needs are so large that some countries have become major capital importers despite their high domestic savings rates. The World Bank estimates that the region will have to spend $1.5 trillion on highways, electricity plants, and other infrastructure projects during the period 1995-2004—a sum equal to about 6.8 percent of the region's GDP. China will account for about $744 billion of that investment, followed by Korea with $269 billion, Indonesia with $161 billion, and Thailand with $145 billion.

In 1995, several East Asian countries had large current account deficits simply because their private investment exceeded savings. The current account deficit of Malaysia and Thailand was 8-9 percent of GDP, that of

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Indonesia 4 percent, and that of the Philippines 2.6 percent. As a result of robust foreign investment, the four developing economies of ASEAN had a collective external deficit of over $30 billion last year, compared to a small surplus in the late 1980s. The current account deficits of Thailand and Malaysia appeared so large and intractable during 1996 that some global financial publications, including *The Economist*, began to make comparisons with Mexico in 1994.

There are problems in managing all this money, but unless there is a major rise in the level of global interest rates that cripples the access of all capital importing countries to the world's surplus liquidity, it is difficult to imagine a Mexican-style financial crisis in the ASEAN region during the 1990s. This is because most East Asian economies possess structural characteristics that provide them with major advantages over Mexico in coping with external liquidity shocks. First, the capital importing countries of East Asia have relied far more heavily on foreign direct investment and bank lending to finance their external deficits than did Mexico. The Mexican crisis resulted because foreign and domestic investors suddenly suspended purchases of tradable securities after a five-year foreign investment boom dominated by purchases of relatively short-term Mexican equities and bonds. Second, the countries of East Asia have huge foreign exchange reserves both in absolute terms and in relation to their external deficits. Even excluding Japan, the countries in the region have increased their reserves to $450 billion from $237 billion since 1991, thanks to a mixture of trade surpluses in some countries and the popularity of the whole region as a magnet for foreign investment. Third, the exchange rates of East Asian economies do not appear to be as overvalued or commercially uncompetitive as were some Latin American exchange rates two years ago. According to *The Economist*'s Big Mac index of exchange rate comparisons (the price of a McDonald's meal around the world), the currencies of Malaysia, Indonesia, Thailand, and the Philippines are undervalued by 20-40 percent. Fourth, the intervention by the U.S. Treasury and the IMF to rescue Mexico helped to lessen investor concern that the Mexican crisis would touch off a systemic financing crisis for all developing countries. The loan to Mexico was the largest international aid program since the Marshall Plan in 1948 and was a convincing statement that the economic stability of developing countries was a major objective of U.S. foreign policy.

Finally in this regard, East Asia may reduce further its potential vulnerability to future global liquidity shocks through greater monetary cooperation within the region. Shortly after the Mexican crisis began, the monetary authorities of Hong Kong and Thailand organized a meeting of several central banks in the region to discuss potential monetary cooperation. These discussions culminated in a communiqué in late 1995 in which several countries (Hong Kong, Australia, Thailand, Malaysia, Indonesia) pledged to cooperate in the event of a future crisis. If the countries of Asia can agree on rules for regional monetary cooperation and lender of last resort, the impact on investor confidence could be significant. As officials in Hong Kong explained after the monetary agreement was announced, it is ironic for the East Asian region to be vulnerable to an external liquidity shock simply because it deploys its surplus savings in the world financial system through institutions whose decision makers reside in London or New York. The region has such a high savings rate and large foreign exchange reserves that it should not have to rely on the IMF or other multilateral financial institutions as lenders of last resort. Indeed, the IMF hopes to borrow more from East Asia in the future because of its inability to obtain adequate funding from the U.S. government.

There has not yet been a test of the 1995 monetary cooperation agreement signed by the East Asian central banks. In the second half of 1996, Thailand experienced a sharp

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rise of interest rates and a stock market slump because of investor concern about the stability of the baht, but the central bank stabilized the currency by selling a small portion of its $40 billion of foreign exchange reserves. Thailand also has been suffering from economic overheating and inflationary pressures in part because it has pegged its exchange rate to the dollar while financing the current account deficit through a large inflow of dollar-denominated bank loans. The ability of Thailand to borrow so easily produced a low cost of capital for companies, and that encouraged excessive investment in some sectors.

The Thai experience suggests that Asia's third great vulnerability is not the risk of a Mexican-style financial shock but ineffective exchange rate and bank supervision policies for managing the side effects of surges in global liquidity. The severity of Japan's recession and the structural stagnation engulfing much of Europe during the 1990s has created a global financial environment characterized by surplus liquidity, low interest rates, and exceptionally easy access to capital for many borrowers. The upsurge in U.S. growth and Fed tightening briefly punctured this environment during 1994, but the subsequent U.S. slowdown set the stage for a further major boomlet in world financial markets and expansion of global capital flows via stock markets and bank lending. Several East Asian countries found it so easy to import capital during the first half of the 1990s that they ceased to have effective price screens for allocating investment. Contradicting the Krugman thesis, they did not have a declining return on capital resulting from excessive domestic savings and investment. They had monetary management problems and inefficient allocation of investment because they had become magnets for the international financial system's surplus liquidity. As a result of their high domestic savings rates, these countries have not become as addicted to foreign capital as Latin America, but during the 1990s, the ease with which they attracted the world's surplus savings caused their businessmen to pursue far more risky investment projects than they did in the past.

How will the countries of East Asia modify their exchange rate policies to prevent inflationary overheating? A variety of solutions are possible. They could introduce wider exchange rate target bands in order to let their currencies appreciate modestly when capital flows are large, or to depreciate if the current account deficit increases significantly. They could also develop new exchange rate pegs spread over a basket of currencies, not just the dollar. As a result of East Asia's rapidly increasing trade and investment links with Japan, there has been some discussion of replacing dollar pegs with yen pegs. It is doubtful that any Asian country will link its exchange rate to the yen during the foreseeable future because of the extreme fluctuations in the yen's value during the past decade. Nonetheless, the increasing economic integration between Japan and East Asia could still make the yen a more important reserve currency, despite East Asia's traditional preference for the dollar as a policy anchor.

Such a trend could have major implications for the United States and for U.S.-Japanese relations, and the trend seems clear enough. In the case of trade with Southeast Asia, the yen now denominates 52.5 percent of exports and 25.7 percent of imports, compared to 41 percent and 11.5 percent in 1987. The yen-denominated share of Japan's international bank loans has also expanded from only 10 percent in 1980 to 43 percent in 1990 and 65 percent in 1994. A large share of these loans are made to Japanese companies, but many non-Japanese firms now have yen loans as well. The yen's share of foreign exchange reserve is still only about 7.1 percent on a global basis, but it is much higher in several East Asian countries with growing financial links to Japan—30 percent or higher in Indonesia, Taiwan, Singapore, and the

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Philippines, and in the 15-25 percent range in China, Korea, and Malaysia.

In recent months, the Japanese government has announced plans to liberalize Tokyo financial markets and promote greater use of the yen as a global currency. This policy was prompted by concern about Tokyo's stagnation as a financial center during the 1990s, and by the movement toward the creation of a new European currency in 1999. But even though the Japanese government is now supporting the emergence of the yen as a reserve currency, it is difficult to imagine the yen challenging the dollar's role during the next decade. The Japanese payments system is much less developed than America's. Japan lacks large liquid markets for short-term government debt, while its long-term government bond market is dominated by public sector trust funds. The Bank of Japan estimates that less than 5 percent of yen bank notes circulate outside of the country, compared to 60 percent of America's dollar bank notes and 35 percent of Germany's Deutsche Mark currency. If America reverts to inflationary monetary policies that jeopardize confidence in the dollar, the changes now occurring in Japan's financial policies will increase the potential for the yen to become a more important global currency. But at present it appears that the yen's evolution as a reserve currency will be gradual and incremental, not rapid.

The dollar's entrenched role is not the only barrier to the yen's emergence as a more important reserve currency. The movement toward monetary union in Europe could produce a new currency supported by well developed financial institutions, large domestic government debt markets, and an existing offshore bond market with a market value of $500 billion—compared to $680 billion for the U.S. dollar and $260 billion for the yen. If European monetary union actually occurs in 1999, the euro will rank as the world's second most important currency during the first decade of the twenty-first century, not the yen.

Microeconomic Challenges

THE MACROECONOMIC challenges that will confront Asia during the next few years should be manageable because of the region's high savings rate and potential for sustaining investment with domestic resources. But Asia will also have to address the microeconomic challenges of how to finance its infrastructure boom and how to encourage efficient resource allocation within its private sector. As Asian economies become more mature, they will not be able to sustain high rates of growth merely through high levels of savings. They will also have to develop corporate governance systems capable of producing adequate levels of profitability and of reallocating resources when the return on assets declines.

As noted earlier, the World Bank estimates that East Asia will need to spend $1.5 trillion on infrastructure during the next decade. Private investors will no doubt finance most of that amount. Indeed, many Asian countries have already privatized their phone companies and some of their electricity-generating companies, but the share of infrastructure-related investment in the Asian stock markets varies greatly by country. Despite China's massive investment needs, infrastructure companies account for only 3 percent of Hong Kong's stock market capitalization, while utilities and telecommunications companies account for 20-30 percent of stock market capitalization in Indonesia, Singapore, Malaysia, Thailand, and the Philippines.

There have been three major problems with attracting private capital to infrastructure and utility projects. First, some countries, such as India, have had conflicts with investors over rates of the return that should be permitted on investment in electricity generation. Second, in some countries well-connected political families have played an influential role in obtaining licenses for services such as telecommunications or toll roads. The children of President Suharto in

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Indonesia, for example, have major interests in toll roads, telecommunications services, and broadcasting; they have been indispensable allies in obtaining access to such businesses, but investors are concerned that such relationships could become a liability should the family lose power. Third, there is no well-established history of Asian countries using stock markets to finance infrastructure, and this is likely to make investors highly sensitive to the performance of the first companies to go public. The record of the early telecommunications companies on Asian stock markets has so far been positive, but in China both toll roads and electricity-generating companies have produced very mediocre results. If these problems are not solved, and if the necessary large-scale infrastructure investment is not forthcoming, Asian growth will be stymied by supply bottlenecks such as traffic congestion, power failures, and debilitating levels of air pollution.

The re-allocation of capital within Asia's private sector to adjust to fluctuating profitability will pose other challenges, too. One of the most striking features of the corporate sector in some Asian countries during recent years has been a declining rate of return on capital. In contrast to their American counterparts, Asian companies have been emphasizing growth of assets and sales, not profitability. In some countries, this bias has resulted from government credit allocation policies (Korea) while in others it has resulted from ownership structures that emphasize goals other than profitability (Japan). Short-term business cycle factors explain some of the divergence in profitability, but if one compares the performance of corporate sectors during the 1990s as a whole, the U.S. corporate sector has out-performed those of both Asia and Europe by a large margin.[6]

The return on capital is an important determinant of long-term economic success because of its impact on a country's savings rate, level of investment, and capacity for increasing future output. If a country's business enterprises experience a long-term decline in profitability, the national rate of savings and investment will diminish over time as well. As a result, Asia's future economic performance will depend heavily upon the ability of its corporate sector to improve profitability and the strategies chosen to do so. Will management emphasize share prices and profits by engaging in American-style restructuring? Will Asian shareholder groups encourage firms to emphasize profits over the interests of other stakeholders, such as workers and customers? Will governments concerned about declining profitability alter the regulatory policies that influence corporate investment decisions? Will the rise of pension funds create a new class of investors who attempt to influence corporate governance through aggressive use of their proxies at company shareholder meetings?

The answers to these questions will vary greatly by country. Several Asian countries have large stock markets, but there is no established tradition of outside shareholders playing an important role in guiding corporate investment decisions through the threat of takeover bids or proxy fights. In Japan, corporate shareholdings are dominated by industrial groups and friendly financial institutions, including banks and insurance companies. Japan's recession during the 1990s has been the most intractable of the modern era precisely because the interaction of the 1980s asset inflation with the cross-shareholding system encouraged massive over-expansion of the capital stock and a broad collapse in profitability when the economy sank.

South Korea, which has imitated many aspects of the Japanese model of development, is suffering from similar problems. It has pur-

[6]In 1995, the return on equity of the U.S. corporate sector was 19.2 percent compared with 2.7 percent in Japan, 6.3 percent in Korea, 12.3 percent in Hong Kong, 11.3 percent in China, 11.4 percent in Singapore, 15.7 percent in Taiwan, 14.0 percent in Malaysia, 11.4 percent in Indonesia, 19.2 percent in the Philippines, and 20.6 percent in India.

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sued competition and credit allocation policies that have encouraged a small number of large industrial groups to dominate the country's capital intensive export industries. In 1993, the top thirty conglomerates produced 43 percent of GDP and 70 percent of exports. Korea's credit policies have turned the country into an extraordinary industrial powerhouse—the world's second-largest producer of consumer electronics, second-largest shipbuilder, third-largest producer of semi-conductors, fifth-largest producer of autos and petrochemicals, and the world's sixth-largest producer of iron and steel. But despite these achievements, the Korean stock market has been anemic in recent years because corporations have focused on the growth of assets and market share, not profitability. Korea's system of "stakeholder capitalism" has performed so poorly during the mid-1990s that the government recently announced major changes in the country's labor laws in order to give firms more freedom to reduce employment. This led to major industrial labor disturbances, but the Korean government has stuck with the new policy because of the need to boost corporate profitability.

How Korea seeks to resolve the tensions in its system of capitalism will have implications beyond its own economy. In recent years, Chinese officials have often referred to the Korean system as a potentially useful model. As a result of the huge employment that still exists in Chinese state enterprises, they are reluctant to pursue rapid liberalization of the financial system and regard Korea's system of state-guided credit allocation as worthy of emulation. But the large imbalances now apparent in Korea's economy may persuade them—ironically in this case—that its credit allocation system has remained under bureaucratic domination for too long.

Beyond Korea, several Asian countries have problems with investment decision making because of government interference, the limited accountability of managements to outside shareholders, and the small role played by financial markets in allocating capital. As German history illustrates, it is possible to develop a successful form of capitalism dominated by banks and family firms if macroeconomic policies provide correct price signals for investment decision making. But three factors suggest that East Asia will not follow the German model despite its obvious similarities to the capitalist systems that have emerged in countries like Korea.

First, East Asia has such huge capital needs that it must use its stock and bond markets as vehicles for attracting foreign investment. Second, the growth of pension funds and mutual funds in the old industrial countries suggests that the opportunity to attract capital through security markets during the next quarter century will be greater than at any time since before the First World War. Those Western pension funds now have assets in excess of $10 trillion. The United States alone has a mutual fund industry with $3.5 trillion of assets, compared to $4.5 trillion in the banking system; the mutual fund industry is growing so rapidly that it will probably be larger than the U.S. banking system by the year 2001. Third, the population of Asia itself is now aging so rapidly that the region's pension funds are likely to emerge as far more important players in its own financial system than ever before.

Pension Funds and Foreign Direct Investment

THIS THIRD point deserves elaboration. Demography has been an important factor in driving Asian savings behavior for nearly three decades. In the 1950s and early 1960s, many Asian countries had low savings rates in part because the ratio of children to working people was among the highest in the world. In countries as diverse as China, Indonesia, Korea, Thailand, and Singapore the ratio of people under the age of fourteen to the total population was over 40 percent, levels experienced in the United States during the mid-nineteenth century. Since the 1960s, these ratios have

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dropped to the 20-25 percent range in China, Hong Kong, Korea, and Singapore, and to the 30-35 percent range in Indonesia, India, Malaysia, and Thailand. The decline in the percentage of young people has helped to boost savings by greatly increasing the share of the population that is working rather than consuming earned income. The challenge that will confront East Asia during the twenty-first century will be financing the retirement needs of the large middle-aged population that is now actively employed. Asia's elderly population is poised to rise dramatically in relation to the total because of both falling birth rates and improvements in health care. Whereas it took France 140 years to double the share of its population over the age of 60, it will take China only 33 years and Singapore just 17 years to do the same.

While in the United States, Britain, Holland, and Switzerland pension funds have assets equal to 60-80 percent of GDP and control a large share of the corporate sector's equity, most Southeast Asian countries have only small pension fund sectors today—the exceptions being Singapore and Malaysia, which established major pension programs after independence to help finance economic development. But the Japanese pension fund sector is projected to expand dramatically during the next quarter century. Corporate pension funds currently have ¥60 trillion of assets and their cash flow is now equal to about ¥4-5 trillion per annum. Poor past performance of Japanese pension funds and the general liberalization occurring in the economy are gradually encouraging the development of a competitive fund management sector and, as this trend continues, it will produce a powerful new shareholder lobby in Japan with objectives similar to the investor groups that now dominate equity markets in New York and London.

Other countries in the region have enjoyed such high savings rates without pension funds that they have not felt compelled to promote retirement savings through special legislation. Until recently, most Asian economies also were dominated by their rural sectors, in which families looked after their aged members. But with Asian economies maturing and populations aging, there is likely to be a significant expansion of pension funds throughout the region during the next quarter century.

How Asia copes with the financial consequences of an aging population will have important implications for the entire world financial system, not just its own economic performance. If it does not develop effective retirement savings programs, the region's current high savings rates will gradually decline and could encourage a global scarcity of capital, driving up global interest rates. In fact, the Japanese Ministry of Finance is promoting restrictive fiscal policies today partly because it fears that Japan's aging population will trigger a large decline in the personal savings rate despite the growth of pension funds. In the year 2020, over 25 percent of Japan's population will be age 65 or older compared to 16.4 percent in the United States, 18.2 percent in Britain, and 19.1 percent in Germany. Imagine how much greater the vulnerability of the household savings rate will be in countries that experience rapid aging without any organized retirement savings programs.

The pension fund boom also has important implications for trade policy. The United States is putting a heavy emphasis on liberalizing trade in financial services because its fund management industry has the necessary skills and technology to become an important player on a global basis. In the early years of the twenty-first century, there could well be more trade disputes between the United States and Japan over financial services than over manufactured products such as autos and semi-conductors.

IRONICALLY ENOUGH, Asia's need for capital could enhance its trade relations with the rest of the world by encouraging a higher level of foreign direct investment (FDI) in East Asia than occurred in Japan and Korea during their periods of economic

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take-off. Japan today suffers from major trade tensions because foreign companies own only about 1 percent of its capital stock compared to 10-20 percent in the case of the United States and most European countries. Japan had a trade surplus of $60.3 billion with the United States in 1995, as well as a surplus on investment income of $16.8 billion. The only offset was a U.S. surplus in service trade of $20.6 billion. In the case of continental Europe, by contrast, the United States had a trade deficit of $16.4 billion on goods, but a service surplus of $11.8 billion and a surplus on investment income of $8.5 billion. The U.S. trade and investment relationship with the rest of Asia is characterized today by large trade deficits ($64.7 billion in 1995) that are partly offset by service sector and investment income surpluses of $20.6 billion and $1 billion, respectively.

Japan formally restricted many forms of FDI during the 1950s and 1960s, while the sharp appreciation of the yen and high land prices have discouraged it during the 1990s. Japan is now anxious to promote FDI in order to reduce trade tensions, but it has developed such a high cost economy that most American and European firms prefer to locate elsewhere in Asia. In fact, Japan's high costs have caused its own companies to emerge as aggressive foreign investors; in 1995, Japanese manufacturing firms produced more output from their foreign operations than they sold in the form of exports from Japan proper for the first time in the country's history. (The foreign sales of U.S. multinationals, by contrast, have long been at levels twice as high as exports from the United States itself.)

The country best positioned to raise money from FDI is China. In recent years, it has been by far the world's largest beneficiary in this respect, and it has greatly increased the economy's trading links with the outside world. Foreign direct investment in China has expanded from less than $2 billion in 1985 to actual investment of $37.5 billion in 1995 and contracted investment of $91.3 billion. At present, foreign investors account for only about 2 percent of Chinese industrial production but they produce one-third of the country's exports. The United States has nearly as much FDI in China ($3.1 billion) as Japan, and before long will probably have more. China needs foreign capital and technology badly, so it will probably not create significant barriers to foreign investment.

The other country with the greatest potential for transformation by expanded FDI is Korea. In the modern era, Korea has often restricted FDI in order to protect domestic companies from foreign competition. But Korean attitudes are changing. South Korea has joined the OECD and thus must reduce formal barriers to trade and investment. The price collapse in its major export sectors is also producing a large current account deficit that will have to be offset by foreign capital inflows. Looking further ahead, if unification ever occurs with the North, Korea will have to invest a trillion dollars or more in infrastructure in order to prevent a massive emigration of people to the south. Korea's need for external capital would be so great that it would probably launch an aggressive campaign to attract more FDI.

Asian Commodities Demand

EFFORTS BY Japan, China, Korea, and other East Asian countries to attract foreign investment and capital will have major implications for the global economy. But so will outflows of Asian money in search of foodstuffs, raw materials, and energy. The economies of East Asia already account for about 25-30 percent of world consumption of many base metals and 36 percent of global oil demand. But as East Asians account for about two-thirds of the world population, their demand for many raw materials could increase dramatically as they narrow per capita income differentials with North America and Europe. China alone is likely to emerge as a major swing factor in many commodity markets during the next half century.

One such commodity is food. Since

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1950, China has increased its output of cereal grain from 100 tonnes to 450 tonnes. Most agricultural experts believe that it will be able to expand output to close to 700 tonnes by the year 2020, but China will then become a much larger market for fertilizer and could encourage an upsurge of global food prices if it experiences poor crops.

The other key commodity that could experience price shocks as a result of China's economic take-off is oil. China is projected to increase its consumption of oil greatly and to import much of the oil it will need. Many studies project that China's oil consumption will rise from 3 million barrels per day (mpd) to over 6.6 million by the year 2010. At present China's oil demand is growing by about 5 percent per annum and the forecasts of 6.6 mpd consumption assume that such a growth rate will persist. If it does, China will probably have to import about 3.6 mpd of petroleum in the year 2010 compared to about 7.8 mpd by the United States, 5.4 mpd by Japan, and 1.6 mpd by Korea today.

China may decide to increase imports by more than 5 percent per year because of the geographic problems that it has in utilizing its own domestic resources. A large share of China's oil and coal reserves lies in the north while its highest growth regions are the coastal provinces in the south. The country can import oil at a lower price than it can transport its own resources internally. Thus if China adopts a free-market policy for energy in the next century, it could increase its energy imports more quickly than its total domestic consumption.

In a recent report, economic consultants for Salomon Brothers estimated that China's energy import bill will rise to $200 billion per annum by the year 2020, compared to a total import bill of $132 billion for *all* goods last year.[7] By the same date, China's total exports could reach a level of $3 trillion and thus pose no greater problem for China's balance of payments than the cost of oil imports does for the U.S. economy today (U.S. oil imports cost $55 billion in 1995 compared to total import costs of $755 billion). But the magnitude of the coming increase in Chinese energy consumption does raise a number of provocative questions about many important aspects of public policy in the region.

First, if China is to increase greatly its consumption of raw materials, it will have to pay for the imports by boosting exports of manufactured goods. The need to import energy will therefore intensify pressure on China to be an active player in the world trading system and to cooperate with the rules of the World Trade Organization once it joins that organization.

Second, the dramatic growth in China's energy consumption will have significant effects on the environment of East Asia. According to a recent World Bank report on Asia's future electricity role, the growth in power generation in the seven economies is likely to cause serious environmental problems.[8] The Japanese government is very concerned about Chinese carbon emissions, which already account for about half of the acid rain in the region. The problem can only intensify as China's ratio of annual oil consumption per capita rises from its current low level of 0.1 tonnes per capita to the levels prevailing elsewhere in the region. (Korea is at 1.3 tonnes per capita and Japan at 2 tonnes.)

Third, while China could attempt to reduce carbon emissions by increasing dependence on nuclear power and natural gas, such a shift would require a massive investment; these sources currently account for only about 3 percent of its total energy consumption compared to 17 percent for Korea, 25 percent for Japan, and 31 percent for the world economy. It is difficult to imagine China undertak-

[7]Andrew Freris, ed., "The Economy of the PRC: Analysis and Forecasts", Salomon Brothers (June 1996).

[8]Masayasu Ishiguro and Takamasa Akiyama, *Electricity Demand in Asia and the Effects on Energy Supply and the Investment Environment* (Washington, DC: The World Bank, December 1995), p. vii.

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ing such a large investment unless there were major price shocks for oil, or unless there were some global agreement to curtail carbon consumption that included compensation for countries with large coal resources; neither is very likely. Japan and Korea, by contrast, plan to expand their use of nuclear power significantly during the next twenty years. The large increase occurring in their nuclear capacity will also result in their accumulating a significant amount of plutonium, the raw material for nuclear weapons.

Finally, China's need for greater oil imports will probably have an increasing influence on its foreign policy. It will continue to seek good relations with countries in the Middle East willing to buy its arms exports in exchange for petroleum. It will probably also persist with its territorial claims over large sections of the South China Sea, which are believed to have potentially significant oil reserves. China could also decide to join Korea and Japan in promoting more aggressive development of the immense reserves of oil, natural gas, and coal in the territory of the former Soviet Union.

The Russian Far East and Siberia have large reserves of many natural resources, and East Asian countries are already busy exploiting them. In 1994, China, South Korea, and Japan accounted for about 83 percent of the region's exports—mainly fish, timber, and aluminum—and 74 percent of its imports, compared to less than 20 percent in the 1980s. As a result of unresolved disputes over the Kurile Islands, Japanese firms have been reluctant to invest in the region, but Korean firms have announced several projects centering on resource extraction. In April 1996, President Boris Yeltsin signed a new trade agreement with China in order to promote trade and investment, but the relationship is not a comfortable one. Russia has been trying to restrict a surge of low-cost Chinese manufactured imports as well as massive illegal immigration. It is estimated that there are about two million Chinese living illegally on the Russian side of the border, and this number could easily double because of the desire of many Chinese to pursue business opportunities in Russia. As the Russian Far East has only 7.6 million people on its side of the border, it is obviously concerned about such large scale immigration, even if the goal is to promote trade.

If new attempts to develop Australia's oil shale reserves are successful, it also could emerge as an important source of energy, as well as foodstuffs, for Asia. A consortium of Australian and Canadian companies is developing Queensland's immense oil shale deposits (a potential 30-40 billion barrels of oil) with technology developed to exploit the Athabasca tar sands in Alberta. In the 1970s, the cost of extracting oil from shale was thought to be about $40-50 per barrel, but it may be possible to reduce costs to $8-9 per barrel. Such a development would have important implications beyond Australia because many countries, including the United States, India, and Russia, have large oil shale deposits. The development of these oil shale reserves could help to reduce OPEC's influence over oil prices, despite booming energy consumption in Asia.

The Perils of Planning

ECONOMIC PROJECTIONS make for perilous work. As important as money is in making the practical world go round, it isn't the only thing. Just as major economic developments, such as the emergence of East Asia as a major global economic powerhouse, influence politics, so does political life influence economics. The economic take-off in East Asia has so far had a benign effect on the international system by encouraging the evolution of democratic political institutions and more regional cooperation on a variety of issues. But it is also giving countries in the region greater means for acquiring new weapons and pursuing more aggressive foreign policies if they ever choose to do so. As Europeans learned to their great surprise and horror in 1914, high levels of economic integration do not necessarily prevent afflu-

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ent states from resorting to war if they perceive that they can achieve victory at a low cost.

Historians have long debated whether a European war had to happen in 1914, but the fact that it did despite a high level of economic integration is one of the factors now encouraging the countries of Western Europe to establish a monetary union in order to lessen their future autonomy in both economic and foreign policy. Many French officials even regarded the promise of European monetary union as a precondition for accepting German unification in 1990. The nations of East Asia have only begun to examine the political and military implications of the economic take-off that is occurring in their region. They have created regional groups for discussing economic issues but they are far behind Europe in creating new institutions to control or harmonize important elements of policy. The Asians are lagging because their integration process is being driven primarily by the private sector, whereas it was the governments of Western Europe that created an economic union after 1945 in order to lessen the risk of a future war.

Asian governments have had to modify their trade and investment policies in order to permit the private sector to achieve its ambitions, but the dominant impulse driving the integration process has been economic, not political. The current Asian situation is not unique in historical terms. Many of the region's states—including India, Indonesia, Hong Kong, and Singapore—were initially unified or established by private companies. As economic growth is the primary goal of most countries in East Asia today, the current infrastructure of trade and investment is probably adequate to serve the region's needs during the final years of this century. But the sheer pace of economic—and, consequently, social—change occurring in the region will eventually strain the political framework inherited from the colonial and Cold War eras. There is no way to predict when nationalism, ethnic conflict over income shares, or some other ideological impulse will overwhelm Asia's current obsession with economic growth. The existence of nuclear weapons and memories of this century's catastrophic wars have probably lowered the tolerance for military conflict among all rich nations, but at this point Asia can draw only one clear conclusion from Europe's experience: The continent's future political structure and diplomacy will not be determined by economic forces alone. □

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Don't Isolate Us

A Russian View of NATO Expansion

Alexei K. Pushkov

RUSSIA'S arguments against NATO expansion are well known. Moscow warns that NATO enlargement would create new dividing lines in Europe. If NATO military structures were to approach Russian borders and its troops were to appear on the territories of new member-states, Russia would be forced to adjust to these challenges to its security. New tensions caused by enlargement would spoil the post-Cold War political climate in Europe, destroy mutual trust, revive old fears, and throw the relationship between Russia and the West back into the past.

Until recently there was a tendency in the West—mostly in the United States—to downplay the significance of these arguments. Many American observers assumed that Boris Yeltsin and his government voiced opposition to NATO expansion mainly for domestic political reasons and in reaction to pre-election pressures from Communists and nationalists in the Russian Duma. The logic was that if Yeltsin won the summer 1996 presidential elections he would be sufficiently relieved of these pressures and become more receptive to the logic of Western assurances.

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This assumption was wrong. There was and is a wide consensus within the Russian political establishment that NATO expansion contradicts basic Russian national interests. The few dissenting voices in the Russian media and academic circles are marginal. Even Anatoly Chubais, a well-known adept of liberal economic reforms and currently Yeltsin's chief of staff, noted at his February 2 press conference in Davos that opposition to NATO expansion was the only point on which he agreed with Communist leader Gennady Zyuganov and nationalist firebrand Vladimir Zhirinovsky.

Will Compensation Work?

WHEN IT BECAME apparent that Russia was serious about opposing the expansion of the alliance, Washington offered to open official consultations that would lead, as President Clinton foreshadowed in his October 1996 speech in Detroit, to a formal agreement—a charter—between Russia and NATO. In December, Russian Foreign Minister Yevgeny Primakov accepted the offer, but stressed that such promises would not change Russia's opposition to the planned expansion. Nor would Moscow sign an agreement or charter unless it was a binding one, containing clear guarantees and obligations.

As a result, the U.S. and Russian positions on this issue are still far apart. It is clear that NATO will formally offer membership to several former Warsaw Pact countries at the alliance summit in Madrid on July 7-8. And the

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Clinton administration opposes a binding agreement with Russia—a treaty rather than a charter—that would alleviate fully Moscow's concerns. Recent events have confirmed the impasse. Speaking on February 11 before the U.S. House of Representatives International Relations Committee, Secretary of State Madeleine Albright recognized that the United States "must address Russia's legitimate concerns", but said there was little the United States could do to end Russian opposition to an enlarged alliance—themes repeated and broadened during her subsequent visits to Rome, Paris, London, and Moscow.[1] Meanwhile, the Kremlin voiced concern over the possibility of the Baltic states joining NATO, and characterized Secretary-General Javier Solana's visit to four southern former Soviet Republics as being directed against Russia's "special ties" with them.

In this context, the Yeltsin-Clinton summit scheduled for March 20-21 in Helsinki will be of critical importance, though chances for a real solution to the problem do not seem good. A five-power summit to discuss Europe's future security system, proposed recently by French President Jacques Chirac with German backing, could offer another opportunity to establish the broad lines of an agreement between NATO and Russia; but whether it will take place—or succeed—remains to be seen.

A current popular assumption in Washington holds that Russia will finally agree to NATO enlargement and accept a non-binding charter in exchange for compensations in other areas. This was Richard Holbrooke's position in his debate with Michael Mandelbaum at the Council on Foreign Relations in December: Yeltsin and his associates knew that enlargement was going to happen and were deploying a managed reticence in order to get the best bargain possible. These compensations are said to include a favorable revision of the Conventional Forces in Europe Treaty (CFE), the possibility of increased bilateral economic assistance, and a permanent G-7 seat for Moscow, as advocated by France and Germany.

What counts most for Moscow, however, is the nature of the special relationship with NATO itself. While other gestures would alleviate the growing tension between Russia and the West, the compensatory approach misses the point. The new Russia, which parted decisively from the USSR's domestic and foreign policy heritage, strongly believes that it has every right to comprehensive inclusion in modern Europe—economically, politically, and with regard to its security dimensions as well. What Russia seeks is an arrangement that would assure its full participation in European affairs, rather than its isolation from, or marginalization in, Europe. This is the crux of the matter.

Speaking recently on Russia-NATO relations, Deputy Secretary of State Strobe Talbott asserted that the key to a breakthrough is to "really show the Russians that this is not a NATO trick, a grab for a few countries, but really a sincere effort to secure political stability and promote prosperity in Europe for a long time."[2] In Moscow, however, this key must amount to more than verbal assurances—it must mean Russian inclusion in the European security system now under construction. If Russia is to be included in this system, which is in everyone's best interest, the Russia-NATO equation must be defined specifically and not left to the rhetorical vagaries of a non-binding charter.

Preventing New Military Tensions

UNTIL RECENTLY Moscow has shown restraint in formulating what specifically it would like to obtain from NATO, and has directed its efforts instead to the larger issue of opposing enlargement as such. The absence of a clear platform concerning direct relations with an enlarged NATO has been the

[1] "Long Delay Over NATO Is Opposed by Albright", *International Herald Tribune*, February 12, 1997.

[2] Joe Fitchett, "Moscow Faces Host of Offers in NATO Talks", *International Herald Tribune*, February 6, 1997; see also Strobe Talbott, "Russia Has Nothing to Fear", *New York Times*, February 18, 1997.

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source of a number of contradictory declarations by Russian officials. In this context, on January 6 President Yeltsin convened a top-level meeting on Russia's policy toward NATO, and appointed Mr. Primakov as chief coordinator over the elaboration of this policy. Subsequently, despite vows of confidentiality made between Primakov and Solana when they met in Moscow on January 20, the nature of Russian aspirations has become apparent thanks to the public comments of senior Russian officials.

First, Moscow has suggested that NATO rule out the deployment of nuclear weapons on the territories of the new East European member-states. The Kremlin took careful notice of the "THREE NOs" policy announced by Warren Christopher on December 10—that NATO countries have "no intention, no plan, and no reason" to deploy such weapons on new members' territory. Yet the reluctance of the United States to obligate itself formally on this score creates uneasiness in Moscow. "The American declaration does not remove the issue of nuclear weapons. There should be a formal obligation not to deploy such weapons, and not to engage in preparations for their deployment", says one top Russian diplomat.

The Americans argue that under no condition could NATO possibly offer such a commitment. But in refusing to do so what they overlook is that a binding agreement between NATO and Russia would be relevant only in times of peace. If serious military tension were to develop between the two sides, which is highly unlikely, any standing agreement would become irrelevant. In this case nuclear-capable aircraft and tactical missiles could be quickly transferred to NATO's eastern flank. An agreement on nuclear weapons in Eastern Europe is important not for military reasons, for Russia does not consider NATO a military threat, but because of its political and psychological impact. Nuclear arsenals confronting each other in Europe is a thing of the past. Even the remote possibility of a NATO nuclear missile deployment closer to Russian borders, or in Poland, which has a common border with Russia, would subvert the newly established, fragile sense of mutual trust in Europe. An official refusal to place such weapons in Eastern Europe should not be seen as a concession to Moscow, but as a precondition of any working relationship between Russia and the Atlantic Alliance. It must be codified and confirmed in a Russia-NATO agreement and removed once and for all from the European agenda.

Russia is also opposed to the stationing of NATO troops on the territories of future member-states, and to the spread of NATO military infrastructures to these territories. As in the case of nuclear weapons, Moscow is assured that a forward deployment of NATO troops will not occur. But once again, verbal assurances alone do not suffice. On the eve of the reunification of Germany, Helmut Kohl promised Mikhail Gorbachev that NATO's military infrastructures would not move eastward into the territory of East Germany, a fact since confirmed by the former U.S. Ambassador to Moscow Jack Matlock. Later, as the Warsaw Pact fell apart and new treaties were signed between the Soviet Union and East European states, Moscow was privately assured by their leaders that these states would not seek membership in NATO. All of these promises lay broken three years later.

Clearly, in considering its own security, Russia cannot rely on benign intentions and high-sounding promises alone. Governments change, as do interests. Only a binding agreement—one that addresses the issue of conventional forces, best achieved through a revised CFE Treaty, and that fixes new, reduced ceilings of men and conventional weaponry in Eastern Europe—can remove Russia's concerns as to the military aspects of NATO expansion.

A Real Voice For Russia

DIFFERENCES OVER the military aspects of NATO enlargement, however, are not the only ones to be resolved. A Russia-NATO agreement should introduce a mechanism of political cooperation between NATO and Russia. Moscow cannot be satisfied by the present "16+1" formula, or the

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standing NATO offer of regularized political consultations. The workings of the contact group on Bosnia and the process by which the Dayton Accord was reached taught Russian diplomats that in the loose framework of "consultations" Moscow risks being relegated to outsider status, to be included only occasionally as a sign of courtesy but otherwise having no real role or standing in any significant decision making process.

In order to feel itself an integral part of the evolving European security system, Russia must have a real voice in that process. In early February, on his trip to the United States, Prime Minister Victor Chernomyrdin suggested creating a mechanism, possibly a NATO "Council of 17", which would include Russia and give it an equal say on all issues directly concerning its own security. This is problematic for Brussels, which is clearly unwilling to give Moscow any veto powers, but it would demonstrate that the expansion of the alliance is not directed against Russia, and it could radically improve the relationship between the two sides.

A Russia-NATO agreement should also establish a joint crisis-management mechanism that would facilitate Russia's participation in the decision making process, as well as in the planning and conduct of out-of-area peacekeeping operations. On the American side the experience of Russia-NATO cooperation over Bosnia in this regard is often cited as a promising precedent for future cooperation. The Bosnian experience, however, is not an ideal precedent from the Russian perspective. It is often forgotten that the whole operation was planned in Washington and Brussels, with no Russian participation. It can hardly be a model for future crisis management operations, especially those involving the territories of the former Soviet Union.

Finally, there is the extremely serious and delicate problem raised by the prospect of enlarging NATO to include states that have a protracted border with Russia, namely the Baltics and Ukraine.[3] Moscow has warned Western leaders that the acceptance of those states into NATO, some of which display an open animosity toward Russia, would spark a serious crisis in relations between Russia and the West. Such a move is clearly unacceptable for Moscow, as it would bring NATO military structures to the northern Russian coastline and result in the strategic encirclement of the Kaliningrad region.

A realistic alternative to NATO membership for the Baltic states would be their acceptance into the European Union. It would confirm their European identity and would give them political guarantees of the security they are seeking. As for their eventual membership in NATO, this might well become less of a problem in the future should Russia and NATO reach a comprehensive, binding agreement along the lines sketched above. If NATO accepts Russia as a real partner, it would lead to profound changes in the alliance and in its military doctrine, as well as in Russia's attitude toward the alliance. If Russia were to approach a status close to that of a NATO member-state, the acceptance of the Baltics would not provoke the kind of response in Moscow that it now does.

The Need for a Binding Agreement

A NON-BINDING CHARTER or declaration of intent that lacks the elements outlined above will accomplish little, and the reason is clear: Anything less will lack the power to put an end to old, mostly bad, habits on both sides.

First, the militaries on both sides would still derive their strategic and operative planning from old assumptions and old doctrines. On the NATO side, moreover, the predisposition to see Russia as a potential enemy would likely be strengthened as new members with strong and fresh anti-Russian feelings join the alliance. The Russian military, meanwhile,

[3]See my essay "Russia and NATO: On the Watershed", *Mediterranean Quarterly* (Spring 1996), pp. 26-8.

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would have to plan not on the basis of intentions but on the enhanced military, intelligence, and logistical capabilities of the other side. Worse, Russia's present conventional military disadvantage would incline it to rely more heavily on nuclear weapons in planning its defenses—just as NATO did in similar circumstances starting in the late 1950s.

Second, a charter void of contractual obligations would be impossible to sell to the Russian Federal Assembly and political establishment. That means, in turn, that the State Duma, facing the prospect of a foreign military alliance approaching Russian borders, would not ratify the START-II treaty, and any prospect for a START-III agreement would be nil. Nor would the Chemical Weapons Convention or the Open Skies agreement win Duma support. And ongoing negotiations to revise the 1972 Anti-Ballistic Missile Treaty to mutual satisfaction would stall as well.

These demurrals and setbacks could generate a reciprocal reaction in the U.S. Congress that could lead to the collapse of the whole system of bilateral arms control and reduction agreements reached during the last ten years. As long as Russia's economy remains weak, no extensive new arms race will resume, but by conserving their huge nuclear arsenals Russia and the United States would enter into a gray zone of heightened strategic insecurity. The deterioration of Russia's nuclear command and control systems, of which Russian Defense Minster Igor Rodionov recently warned, would create still additional dangers.

Still other problems might come from an asymmetrical interpretation of a non-binding charter in Russia and in the West. If NATO countries were to consider such a charter a serious declaration while most Russians were to regard it as a meaningless piece of paper, a serious disruption of mutual trust could result. The West might accuse Moscow of violating the spirit of the charter; Moscow would respond by accusing the West of anti-Russian motives in the process of expansion and of holding out the prospect for another round of enlargement ever closer to Russia. Under such circumstances, clearly, there would be no way to escape a revived animosity—even a new Cold War.

Why Take Russia Into Account?

IT IS TRUE that Russia cannot stop NATO expansion or deny the East Europeans their right to join the alliance. That being the case, some ask, why strain so hard in the first place to take Russia into account, let alone to allow Moscow a veto over NATO enlargement? The answer is that the implications of enlargement—if it is not accompanied by a compromise with Russia—are very serious ones.

In addition to the disruption of the present security arrangements between Russia and the United States, the political fallout could include a deterioration of the larger bilateral relationship; a Russian policy toward China, Iran, and Iraq that would disregard American interests and concerns; a more frequent invocation by Russia of its veto in the UN Security Council; a more assertive Russia in the former space of the Soviet Union. In short it could mean a Russia that, while not directly challenging the U.S. role in Europe, might become a "loose cannon" of world politics.

A progressive rapprochement with the West is by far the most reasonable and natural path for future Russian diplomacy. Yet this depends not only on Russia's own will, but also on the will of its Western partners. If Russia finds that the door to the West is closed, if it finds itself cut off from Europe, it will have to look for alternatives. Such a development is in neither the Russian, American, or European interest, but this is where the present NATO policy toward Russia, unless seriously reconsidered, will inescapably lead. □

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No Enemy, No Target

It is my favorite topic. For the known reasons, the socialist system collapsed, the Soviet Union disappeared, the Warsaw Pact fell apart. The world became uni-polar. But the great and well-regulated fist remained—the military and political fist called NATO.

Whether we want it or not, we have to admit that we are all products of the Cold War. For dozens of years, official and unofficial brainwashing was putting into our subconscious the image of an enemy, and this achieved a certain success. Ask a layman in Russia, a man in the street, what is NATO, and he'll respond, "An imperialist power with a dream of capturing the world with tanks, with guns, with nuclear bombs. As soon as we are weak, they will jump on us." What is the point of having such a heavy fist? It is no longer required—*there is no enemy, no target.*

Yet the organization itself should be kept, but it should be reoriented: to fight terrorism, drug dealing, to carry out peacemaking functions, to be more specifically targeted against potential nuclear and chemical terrorism—a narrow mandate. The main thing is to change the label and remove the red rag for the bull. Because if you say NATO, all the pseudo-patriots in Russia prick up their horns and run against it.

If you change the function, if you change the name, immediately there is an opportunity to include Hungary, Romania, Russia, the Baltic states, you name it, any nations. You'll start building a serious security system on a new basis because there are new conditions in the world. Not on the basis of some obsolete charters that are not binding anyway, but by signing serious agreements, under simple yet efficient principles—joint decision taking, joint execution, joint responsibility.

—Alexander Lebed, *Wall Street Journal*, November 20, 1996.

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After the Miracle

Can South Africa Be a Normal State?

John Chettle

THE LESSONS OF history are sometimes learned as much from what did not happen as from what did. Thus a historian on a slow day might ask himself what would have happened if Nelson Mandela, on taking office, had denounced his opponents and then taken draconian measures against them. What if Mandela had gone on to seize their lands, remove their rights of citizenship, ban them from certain occupations, and levy fines and heavy taxes upon them? What if, following such actions, a million whites, including most of those prominent in government, business, and the bureaucracy, had fled South Africa?

A country so reborn would now be on a life support system. It would surely not appear on any list of emerging markets. The compilers of country risk indices would find such a country an easy call. And yet the circumstances described here—with a few small changes to conceal the analogy—conform almost precisely to what happened in the early years of the United States. The opponents of the new government in the United States were the Loyalists, those who took their oath of loyalty to the Crown seriously. They were dealt with in exactly the way described, though some of this was done during a war in which the Loyalists were in active support of the King. When the war was over, there was little inclination on the part of the new government to return the confiscated lands, and some of those who attempted to recover their property were killed in the attempt. As moderate a man as George Washington declared of Loyalists that "there never existed a more miserable set of Beings than those wretched creatures", and Benjamin Franklin dismissed them as "mongrels."

The situation caused the dean of Gloucester Cathedral, who regarded himself as well disposed toward the United States, to say that

> As to the future grandeur of America, and its being a rising empire under one head, whether republican or monarchical, it is one of the idlest and most visionary notions that was ever conceived even by a writer of romance. . . . The mutual antipathies and clashing interests of the Americans, their difference of government, habitudes and manners, indicate that they have no center of union and no common interests. They can never be united into one compact empire under any species of government whatever; a disunited people till the end of time, suspicious and distrustful of each other, they will be divided and subdivided into little commonwealths and principalities. . . .[1]

The purpose of this analogy is, of course, not to compare the United States unfavorably

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[1]Quoted in Page Smith, *The Shaping of America* (New York: McGraw Hill, 1980), vol. 3, pp. 2-3.

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with South Africa, nor Washington with Nelson Mandela. Each confronted a different strategic situation. For much of the early period the United States was involved in war, or the threat of the resumption of hostilities. Mandela, by contrast, took office at a time when his former enemies still controlled the army and the police. That alone would have dictated a more prudent response.

But the analogy serves several useful purposes. First, it underlines the sheer magnanimity of Mandela's actions. After all, he had been the prisoner for twenty-seven years of the very government from which he was taking over; F.W. de Klerk, the man who became his deputy president, had been, in effect, his jailer; many of his party supporters, intimate friends, and his own wife had suffered bitterly at the hands of the apartheid government, some losing their lives; his party had been involved for many years in what can best be described as a low-grade civil war. The analogy also indicates, by comparison, how little change Mandela has sought to make in the fabric of South African life: no expropriations, no redistribution of wealth, and no nationalizations, despite the promises of the African National Congress' own Freedom Charter, its program of principles. And finally, the comparison does perhaps give us an historical perspective and a renewed awareness of the dangers of prediction, a sensitivity that may be particularly useful when we contemplate the casual confidence with which South Africa's destiny is treated as one with that of the rest of Africa.

WE SHOULD ALSO understand the limitations of this perspective. For most of those outside South Africa who have at least economic influence over its destinies—the businessmen, the executives of multinational corporations, the investment bankers, the vice presidents of emerging market funds—none of this matters a damn. For many of them history began yesterday, and the future is the next quarterly report.

They are operating in a world where investment funds are limited and in which almost everyone professes to follow the free market. Business follows the money, and there isn't much money in Africa. Forty percent of sub-Saharan Africa's 600 million people live on less than one dollar a day. The continent receives less than 3 percent of foreign direct investment flowing into developing countries. In 1995 it received $2.1 billion—less than China received in two months. According to this view, without education, without infrastructure, without consumer buying power, and without stable governments, Africa looks increasingly hopeless. This view may be exaggerated, but it is nonetheless very pervasive.

South Africa today, to paraphrase Marx, is haunted by a specter: the specter of the rest of Africa. This ghost hovers not only over whites, and over investors who are influenced by them, but over blacks, who, by themselves and in company they trust, give vent to similar fears. The underlying concern is that South Africa will become—perhaps is already becoming—a typically chaotic, corrupt, and inefficient African state; and that having received its independence as a democracy with a fine infrastructure, a functioning bureaucracy, and a highly organized private sector, it may revert to the chronic inefficiency, endemic tribalism, one-party dominance, authoritarianism, and economic stagnation that characterize most of the continent.

Of course, the South Africa that existed before 1994 was neither as good, nor Africa as bad, as these stereotypes would suggest. In what follows I shall argue that fears of the Africanization of South Africa are almost certainly ill-founded. The truth is that, despite its problems, South Africa is becoming a stable state, not yet akin to the social democratic states of Europe, but one with a high degree of agreement among its elites as to its political, economic, and social foundations.

Throughout much of its history, the conventional expectations about South Africa have usually been wrong. It was not destined to be a white man's country, nor a loyal and strategic outpost in a worldwide empire; nor was its liberation destined, as anticipated in the mid-

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1980s, to be deferred for a generation; nor was it going to fall to communism. So one should be humbly aware of the dangers of any prediction.

White Perceptions

SOUTH AFRICA has always been a mining camp, subject to wild fluctuations of emotional boom and bust. In the aftermath of the election of 1994, a mood of euphoria prevailed. Two and a half years later the mood is generally bleak, and that mood has itself contributed to the drop in the South African rand by some 25 percent in the past year—giving rise to exaggerated fears in the City of London and on Wall Street.

This derives in part from the fact that perceptions of South Africa are heavily influenced by the South African white upper class. It is this white upper class that conveys its impressions to visiting bankers and investors, and that, in travels abroad, is seen as a reliable source of information. It is in its environs that overseas journalists live. And yet it is precisely this group that is adversely affected by current developments. It is *their* homes that are subject to the most dramatic increase in crime, despite high walls, barbed wire, security systems, watchmen, and dogs.[2] It is they who are usually subject to the current spate of often deadly car hijackings. It is they who have most dealings with a bureaucracy in the process of transition, and a bureaucracy that is inexperienced and often inefficient. It is they who are subject to rates of taxation that are high for a developing society. And it is their children who may be finding it harder to get jobs in a society where heavy unemployment prevails and affirmative action is being vigorously pursued. One former senior cabinet minister, Gerrit Viljoen, a supporter of the move toward democratic government, told me that much of the euphoria and commitment of the young Afrikaners to the new South Africa has faded as it has become clear that their participation in the process is not a real objective of the African National Congress (ANC).

These concerns as a whole belong to that category of problems that you can do something about—as opposed to those you can't, except over a long period. It may be useful to discuss South Africa's problems in this order.

A good deal of attention, at least that of whites, has been focused on the early ejection, usually accompanied by all the comforts of a golden parachute, of skilled and experienced professionals, particularly from the civil service, and their replacement by less experienced ANC personnel. At least a third of the directors-general, the professional heads of governmental departments, have been replaced. There are inevitably parts of the bureaucracy that now work less efficiently than before, although the South African bureaucracy under the previous regime was not famous for its efficiency. More often, an uneasy collaboration continues between newly appointed officials and their predecessors, often retained as consultants. The result, however, is usually something less than one for the price of two. A staple of conversation in business circles revolves around appointments not kept, letters not answered, calls not returned, decisions not made.

The same is true of the crime wave, but here some more serious reservations are in order. The *Financial Times* of London pointed to crime as the most significant factor inflicting damage on international views of the country.[3] An average of 52 people were murdered each day in South Africa, a total of 18,893 in 1995, proportionately nine times higher than in the United States.[4] In 1995, according to the corporate sponsored Project on Crime, Violence and Investment (in itself a meaningful name to give a project) there

[2]Although the incidence of crime actually falls most heavily on blacks, if only because their numbers are so much greater.

[3]Quoted in Tony Leon, "Fumbling the Crime Issue", *Sunday Times*, December 10, 1995.

[4]*The Citizen*, April 18, 1996.

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were 97,950 car thefts. That is equivalent to nearly 47 percent of total sales in the year.[5] When one links that to the evidence that police rings are organizing car thefts, that many of the stolen cars are exported, and that 30 percent of all goods landed at Durban's port are disappearing, it suggests very extensive corruption among police, customs, harbor authority, and other officials.[6] This is not the work merely of young, nervous, trigger-happy gunmen who confront the motorist. It may be the most serious remnant of the moral corruption of apartheid, and if it is not defeated soon the consequences could be profound. It contributes to what one political scientist has called "the negative halo effect." It strengthens the notion that South Africa is fast becoming just another lawless African state. It fosters the impression of government incompetence. It may be the biggest single reason for the exodus—still not statistically significant, but potentially so—of young professionals whose skills are not easily replaceable. It is not surprising, then, to find these factors—crime and consequent emigration—cited by Anton Rupert, chairman of the worldwide Rembrandt Group, as the greatest threats facing the country.[7]

The best one can say about all this is that the government now understands the magnitude of the problem. Polls show massive public support for a tough response, including nearly 90 percent in favor of a reintroduction of the death penalty. The army has been mobilized to assist the police. Jails now hold a record 123,000 prisoners, and there are some signs that crime is diminishing.

The worst of the other potential violence that has plagued the country for many years has clearly abated. Loss of life in Natal, the worst battleground, is down sharply, and the provincial election there was held largely without incident. The ANC and the Inkatha Freedom Party (IFP) are making a serious attempt to end the violence between them, but it is not the first such attempt, and it would be a bold analyst who concluded that this time it would be totally successful. The problem is that much of the violence derives from a power struggle: in Natal, the IFP currently has it, the ANC wants it. If the IFP were to exercise power more equitably and the ANC were to content itself for the time being with governing the rest of the country, that would help—but then that has been true since 1994.

Neither Marx Nor Apartheid

THE LAST OF THE high profile issues affecting the economy, and probably the most significant, is the doubt that prevails as to the government's economic philosophy and management. This may be the very issue on which the new government should be least vulnerable. For the paradox is that the unconscionable delay in bringing about democracy in South Africa has meant that it arrived, in many respects, at precisely the right time. South Africa's good fortune was to gain its independence as a truly democratic state at the very moment when the ideas that had sustained both the Nationalists and the ANC were in receivership. Both apartheid and Marxism were profoundly statist philosophies. The racial views of the Nationalists tended to overshadow their economic views, but it was always clear that apartheid could not be implemented without a high degree of state control of the economy. The early Nationalist governments were wildly protectionist, redistributionist (mainly from the English to the Afrikaners, but also from non-whites), and statist; they brought parts of the economy—and society—one after the other, directly or indirectly, under government control. People did not separate themselves naturally and geographically into groups; they had to be forced to do so.

[5]Edward Osborn, "It's a devilish paradox, but crime is good for the economy: it's sustaining consumer spending", *Sunday Independent*, September 29, 1996.

[6]*Mail & Guardian*, October 4, 1996.

[7]*Sunday Independent*, September 29, 1996.

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For its part, the African National Congress was, as it continues to be, part of an alliance that includes the South African Communist Party. The ANC's economic policies were indeed dominated by the Communist Party, which explains why the ANC stood for the nationalization of the commanding heights of the economy, banks, land, and "monopoly industry." Discussion in the party, to the extent that it dealt with these issues, suggested that the conception of monopoly industry was a very broad one, so much so that it might or might not also encompass barber shops. The ANC maneuvered constantly to keep its alliance together, to preserve its relationship with the Soviets and other left-wing sources of funding, without totally alienating the West.

Both the ANC and the Nationalists were devastated by the events of the 1980s and early 1990s. For the Nationalists, it was clear by the early 1980s, if not before, that apartheid as a philosophy and as a political objective was dead. The problem was how to arrange a strategic burial, how to propitiate its supporters, and what to put in its place. The Nationalists, who had helped to create a state that at one stage incorporated more than half of the country's fixed assets and 30 percent of its active wage force, now embraced the free market with the fervor of a convert.

What is more surprising is what happened to the ANC. The fall of communism and the conclusive evidence of its moral and economic inadequacy left its captains at sea without a compass. The period between the legalization of the ANC in 1990 and its assumption of power in 1994 witnessed what may have been the most sustained and successful economic seminar in history. The education began from a fairly low base. The late Chris Hani, leader of the South African Communist Party, when asked at a meeting in Washington how he could have gone on lengthy trips to the Soviet Union and failed to notice the economic realities, responded pathetically, "We were told that they had solved the problem of unemployment." Mandela himself for more than two years continued to profess his belief in nationalization. The ANC, hitherto insulated from economic realities and with no experience in dealing with the complexities of a modern state, was subjected to an intensive education from world leaders, international businessmen, and domestic interest groups.

The vacuum that was left by the demise of communism and apartheid has gradually but definitively been occupied by prevailing Western economic views: ones that stress budgetary restraint, lowering the deficit, controlling inflation, creating an environment friendly to business, cutting regulation, and—most remarkable of all in a party that in its freedom charter pledged to nationalize the commanding heights of the economy—moving toward dismantling state monopolies and selling off their assets. The government will sell all of Sun Air, Transkei Air, and Autonet (the road haulage part of the old South African Railways and Harbours), part of Telkom (the telecommunications monopoly), South African Airways and the Airports Company, and Mossgas (the off-share gas exploration company). It will also restructure other assets and is considering outsourcing of municipal activities, equity partnerships, and the outright sale of municipal assets and housing. It is as if the commanding heights were now occupied by the Chicago School.

NO LESS REMARKABLE, the party leadership has been successful over the last two years in persuading much of the trade union movement to accept privatization, if not exactly to embrace it. "It's not a question of being anti- or pro-privatisation", said Sam Shilowa, the president of the Congress of South African Trade Unions (COSATU), "The debate now is over the best way of restructuring state assets and the role of the state in production."[8] COSATU's conversion, commented *Business Day*, "is neither graceful nor wholehearted", but the shift "sig-

[8]Quoted in *The Citizen*, September 18, 1996.

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nals that the issue is no longer 'Whether', but what, when and how."[9] In truth, the South African trade union movement, whatever its underlying fears, has taken a more benign attitude to privatization than its European and maybe even its North American counterparts.

The government has also taken steps to lower the deficit without significantly raising taxes, it has reduced state intervention, and it has lowered tariffs to expose protected domestic industries to competition (and, in the process, impinged directly upon the job expectations of its supporters). The dual currency system has been eliminated. (This system created one rate of exchange for commercial transactions and one for investment, and made it difficult for foreign investors to take money out of the country.) A good many petty restrictions have been lifted, too. Brokers around the world, for example, can finally trade on the Johannesburg Stock Exchange; fixed commissions have been eliminated; computerized trading has been installed. In 1995 inflation was contained at 8.7 percent, the lowest that it has been in the last twenty-three years. GDP in 1995 was up 3.5 percent. Each of these actions has had a momentary impact on investors, but the effect of each dissipates rapidly. Investors, like fading beauties, are in constant need of reassurance.

The picture is not one of unalloyed optimism. The government deficit still represents nearly 18 percent of the total budget. From 1989 to 1994 debt climbed from 34 percent to 57 percent of GDP, a disturbing rise, but more a reflection of the fact that South Africa prior to 1989 was unable to borrow on international markets. By comparison, the European Community is currently trying to make its members conform to a debt limitation of 60 percent of GDP, and most of them fall outside that limitation. The trade surplus has been eroding since 1990 and the current account is no longer quite as healthy as it was. Investors look at these trends, but it is hard to see the negative features as seriously outweighing the positive, which include the government's demonstrated courage in doing things that its predecessor could or would not.

And this is perhaps the most reassuring answer to the underlying concern about the government's policy. That anxiety rests upon the fact—known to insiders but rarely discussed in the media, either in South Africa or abroad—that to all intents and purposes the South African Communist Party (SACP) has dominated the ANC. The call upon the ANC to rid itself of its Communist members is bogus. Both of Mandela's heirs apparent, Thabo Mbeki and Cyril Ramaphosa, are or were members of the SACP. So are the ministers of Finance, Defense, Trade & Industry, and Safety & Security, among others. The explanation for this dominance, and the contribution made by ideology, convenience, careerism, and necessity, would no doubt be instructive. But no informed person believes that it is still relevant, at least in ideological terms. The only conceivable relevance would be if South Africa's present economic policy were a total failure, and in those circumstances it is hard to know what would replace it.

THE REAL long-term threat to South African economic policy arises more from certain structural problems in the economy than from the managerial matters just noted. They center on poverty, productivity, and education.

The worst problem is poverty. Among comparable middle-income developing countries, South Africa has one of the worst records in terms of health, education, safe water, fertility, and income inequality. According to the World Bank, unemployment rates stand at 50 percent among the poor. The lowest 40 percent of households, equivalent to 53 percent of the population, account for less than 10 percent of total consumption. The chief result of the change of power in South Africa has not been to improve the lot of the disadvantaged but that of the aspiring and educated black mid-

[9] *Business Day*, September 17, 1996.

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dle class, many of whom are very rapidly becoming wealthy.

A second structural problem is that of productivity. The World Economic Forum in Geneva placed South Africa at the bottom of 43 countries in terms of competitiveness. Dutch Economics Minister Hans Wijers, even while announcing a rise in Dutch aid to South Africa, cited low productivity by highly paid laborers, coupled to the high crime rate and "uncertain politics", as key factors that made foreign investors reluctant.[10]

One of the main results of the campaign against apartheid was to raise the wages of those who had jobs at the expense of broadening the opportunities for work. Combined with the effects of inflation, this trend has made South Africa's gold mines, once the cheapest in the world, now the most expensive, and has caused the mining industry to lose 200,000 jobs. According to a study of the motor industry in 1995, while a South African car worker costs 40 American cents an hour less than his Mexican counterpart, it takes him nearly three times as long to build the same car.[11] A study by the Afrikaanse Handelsinstituut (the Afrikaans Chamber of Commerce) claimed that the average hourly rate for a worker in South Africa was R22 (about $4.75) compared to Malaysia (R7), Poland (R6), China (R2), and Indonesia (R1).[12]

A third structural problem is education. A recent study of education in 45 countries, evaluating the results of 13-year-olds, found South Africa the worst performing country in both mathematics and science.[13] In Japan there are 71 scientists and engineers for every 1,000 people; in South Africa the figure is 3.3, and falling. The reason lies mainly in the appalling mess in which black education was left during the apartheid years, but is not helped by the extraordinary conduct of the present Ministry of Education, which, in trying to right the disparity between white and black education, gave senior white teachers large financial incentives to leave the profession.

Democracy and Pragmatism

THOUGH the problems described above are very similar in nature, if not in extent, to problems elsewhere in Africa, it needs to be emphasized again that South Africa is *not* a typical African state. That is true not only in terms of its infrastructure—an extensive financial, educational, and industrial base, and good communications and roads systems—but also its history. For well over a century the country, or its constituent parts before Union in 1910, has had all the institutions of democratic government. The conflict that has consumed the last half century did not concern so much the adequacy of those democratic institutions as their failure to include all the people. In that sense the conflict is analogous to the American civil rights struggle, where blacks were not questioning American institutions, only their failure to be included. That said, it is true that that inclusion raised far more fundamental questions in South Africa because blacks were in the majority. That fact necessitated a new constitution, but the constitution left the democratic institutions of South Africa intact—it merely extended them and introduced safeguards for their preservation that had hitherto been missing.

If this has been a good example of the reassuring pragmatism that has prevailed in South Africa, there is still the problem that, to a greater degree than almost anywhere, democracy in South Africa means different things to different people. To whites, fearful of the untrammeled excesses of a black electorate anxious to receive the good things of which they were previously deprived, the notion of democracy is linked to the protection it affords, and more specifically to prohibitions against expropriation and arbitrary

[10] *Saturday Star*, September 28, 1996.

[11] *The Economist*, March 30, 1996.

[12] South African Embassy Daily News Summary, March 27, 1996.

[13] *The Citizen*, November 21, 1996.

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power. Most, although not all, blacks see democracy in terms that are almost the polar opposite: as the logical outcome of majority rule. They see it as their guarantee that life will change for the better, that the economy will improve, that opportunities and above all jobs will become available, that education, health, housing, and transportation will reflect that change, and that violence and crime, which threaten them more than the whites, will diminish. In that sense, the dilemma accurately foreseen by Nelson Mandela, writing to the government from his jail cell at Victor Verster Prison, persists: "White South Africa simply has to accept that there never will be peace and stability in this country until the principle (of majority rule) is fully applied."[14] But he also foresaw that the demand for majority rule in a unitary state had to be reconciled with white demands for structural guarantees. That reality remains. All that has changed is the way in which the dilemma is worked out.

The great hope for South Africa continues to be that neither whites nor blacks will prove to be as unrealistic as the more extreme statements of their respective positions would suggest. Most whites know that their privileges cannot continue uninterrupted; most blacks do not have utopian visions of their immediate future. Modest changes would meet most expectations. A growing economy—growing, that is, faster than the rate of population increase—would not only lift all ships, it would enable a good deal of bilgewater to be discharged as well. There is, in short, a degree of pragmatism in South Africa on both sides of what it would no longer be quite accurate to see as the racial divide, and a healthy sense of interdependence. It is the quality first identified by Tocqueville as a distinctive property of American democracy.

EVERY GOVERNMENT exists within a society and an institutional framework that it influences and by which it is in turn influenced. In this respect, too, there is reason for optimism about South Africa.

In the years prior to 1994, the South African judiciary did not generally distinguish itself in the way in which it dealt with apartheid legislation, though individual examples of independent, courageous, and resolute action were numerous. The inadequacy lay in the traditional commitment of English jurisprudence to interpret legislation literally, without incorporating wider notions of equity or constitutional protection. The addition of a comprehensive Bill of Rights to the new constitution brings it closer to the American model and provides a degree of protection above and beyond previous South African experience. This is reflected in a recent decision of the Constitutional Court to send the draft constitution back to the Constitutional Assembly for further work because certain provisions did not conform to the principles enunciated in the constitutional negotiations. The searing experience of state terrorism inculcated in some of the judges—Albie Sachs, a judge of the Constitutional Court, had his arm blown off by a parcel bomb—is likely, if anything, to accentuate this independence.

At the same time, there have been somber warnings of just how tenuous the commitment to the rule of law is. It appears, for example, that there will be no action on a case in which more than fifty members of the Inkatha Freedom Party, engaged in a march on the headquarters of the ANC, were killed by shots fired from that building. President Mandela acknowledged responsibility for ordering ANC guards to defend the building. Subsequently, the police were prevented from entering it, and no prosecutions have been instituted.

Another such warning, this time from the past, has been provided by recent revelations before the Transvaal Supreme Court in

[14]Quoted by David Welsh in *The Bold Experiment*, Hermann Giliomee, Lawrence Schlemmer with Sarita Hauptfleisch, eds. (Halfway House, South Africa: Southern Publishing Co., 1994), p. 86.

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a case in which the commander of a security police unit, Colonel Eugene de Kock, convicted of eighty-nine charges, including six of murder, submitted evidence in mitigation of sentence. He advanced the Nuremberg defense that he had been ordered by superiors to carry out these actions. Among his more dramatic charges were that former Law and Order Minister Adriaan Vlok, with the consent of President P.W. Botha, ordered the bombing of the headquarters of both the Trade Union Movement and the Southern African Council of Churches; that the former head of the South African Defense Forces ordered a false arms cache to be planted to justify a raid into Botswana; and that there were cells in every security branch in the country that were prepared to carry out assassinations.

De Kock told a tale of activists and their families murdered, of orders to shoot policemen attempting to prevent illegal operations, of the organization of massacres of innocent people, of gun-running and training to encourage tribal and partisan warfare, and of alleged connivance by both P.W. Botha and F.W. de Klerk, as well as other members of the cabinet and almost the entire police hierarchy, in a pattern of cruelty, cynicism, and corruption that exceeded in its scope anything that even the most passionate opponents of the National Party government would have ventured to allege. "I cannot believe", said one Afrikaner to me, "that I ever voted for that party." Many of these allegations have been corroborated by evidence put before the Truth and Reconciliation Commission, set up by the government and empowered to investigate—but not to prosecute—past human rights abuses, and to offer amnesty to those on both sides of the apartheid struggle who confessed to crimes that were ruled to have been politically motivated.[15]

It may seem strange to find any cause for consolation in this story; and, indeed, if the result is simply to prove to most people that the Nationalists were bad and the ANC good, the moral of the tale will have been lost. But its true moral, which concerns the corruption of power and the need for constitutional protections and institutional vigilance, may have a more lasting effect. If, as Max Weber argued, history influences us by the accretion of examples, this is an exemplary instance of conduct to be avoided.

South Africa profits, too, in a wider sense, because its black elite has a knowledge, experience, sophistication, and awareness of Western values that might not have been so prevalent had South Africa enjoyed a more tranquil history. Thabo Mbeki, Nelson Mandela's designated heir, spent half his life abroad. The great African diaspora created by apartheid is coming home.

Among those who were not in exile there is also a wealth of talent. During the apartheid era, a significant black, Colored, and Indian (Asian) educational and bureaucratic elite emerged. Professor Ephraim Mokgokong, the product of a gifted family, became the first black vice chancellor of the Medical University of Southern Africa, having previously been head of its Department of Obstetrics and Gynecology. His brother became vice chancellor of the University of the North. Franklin Sonn, Mandela's first ambassador to Washington, was rector of the Cape Peninsula Technikon. South Africa's talent pool has now been expanded to include the entire population. It may take several generations for the full potential of that group to emerge, but South Africa is already unique in Africa in the sheer extent of its trained talent. This talent shows through at the very top, as well. Whatever its lack of experience, the cabinet that took over after the election of 1994 was clearly more competent than its predecessor.

Another element of South African society that continues to function with unabated vigor is its civil society—its businesses,

[15]It now appears that ANC members will also come forward in some numbers to request amnesty for past crimes.

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churches, clubs, societies, sporting bodies, and the like. This is, of course, the part of a democracy to which Tocqueville attributed great significance, and where so many African states have been weakest. South Africa conforms quite neatly to Tocqueville's description of a country populated not only by commercial and manufacturing companies but by "associations of a thousand other kinds, religious, moral, serious, futile, general or restricted, enormous or diminutive",[16] with the addition that in each case there will probably be a separate association for each ethnic or regional group or political or religious coloration. The South African Chamber of Business, the largest representative of business corporations in the country, has more than 40,000 corporate members, but its activities are paralleled by the Afrikaanse Handelsinstituut (the Afrikaans equivalent), the National African Federation of Chambers of Commerce, and the Foundation for African Business and Consumer Services (both representing black businesses, but separated by political differences), the South Africa Foundation (representing big business), and innumerable other regional and local institutions.

South Africans apply that same zest for controversy to their newspapers. Even during the apartheid era, one English journalist observed that there had been nothing like the intense public political argument "carried on by societies of every kind, by academics, by financial and industrial leaders and, above all, by the press . . . since the pamphleteering era that preceded the French Revolution."[17] That may be going too far. Like the press in most other countries, South Africa's has its areas of reticence, but by and large it approaches its task with a vigor that irritates its new rulers as much as its old.

The same happy taste for schism characterizes South Africa's religious life. The Dutch Reformed Church is divided into three competing denominations, not to mention its missionary (or Colored) branches. Similarly, every Sunday groups of Africans, dressed in varying and colorful uniforms, can be seen holding separate meetings on numerous clearings. The Zionist African Church holds an annual Easter celebration at its headquarters, attended by some two million worshipers. All the political leaders of the country have felt obliged to make their pilgrimage to the place. Nor are the churches overly concerned about showing any restraint in their approach to Caesar: Archbishop Tutu, outgoing head of the Anglican Church, has chastised the new rulers of the country no less than their predecessors for jumping on the gravy train.

To say the least, South Africa is not a prime candidate for one-party government. It sounds, in fact, a little like the country envisioned by, say, the dean of Gloucester Cathedral.

Now For the Hard Part

IN A SENSE, the easiest part of the transition in South Africa has been accomplished: for all its difficulty, and for all the uncertainty and precarious moments, there was a grandeur and an inspiration to it, a sense of liberation on the part of both blacks and whites that diverted attention from the details. When a whole society was in heroic turmoil, it seemed petty to think about personal considerations. Now the hard part begins: building a new society, providing education, creating jobs. The domestic audience will be less easy to please. Already the ANC's popularity is down 10 percent from the election in 1994—though it is still a healthy 53 percent.

The international audience, too, is different. It is no longer the world political community, to which the transformation was a miracle, not least by comparison with all the non-transformations taking place, or not tak-

[16]Alexis de Tocqueville, *Democracy in America* (New York: Vintage Books, 1995), vol. 2, p. 114.

[17]Douglas Brown, *Against the World* (New York: Doubleday & Co., 1969), p. 159.

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ing place, elsewhere. The audience is now mainly the business and investment community, gorged on a feast of new global choices.

There will be different issues, too, or at least issues that have not been confronted as yet. What, for example, *is* a South African? Is a white, Colored, or Indian South African as good as a black South African? Could one become president? To some extent these questions have been finessed by the remarkable inclusiveness of Nelson Mandela, but these issues continue to simmer beneath the surface, though they are handled with discretion by the media—that is to say, not frankly at all. There is, for example, a good deal of black dissatisfaction with the prominence of Indians in the cabinet and the bureaucracy. This prominence is attributed by many to friendships formed by Mandela on Robben Island. By contrast, there are alleged to be no Indians among Mbeki's group of advisers. The bulk of the Indian population, about a million in number, lives in Kwazulu-Natal and supports the Inkatha Freedom Party, perhaps in fearful recognition of what the hostility of the Zulu people, who dominate that province, might do to them. Similarly, the National Party is increasingly becoming a Colored party, supported by the majority of the Colored population living in the Cape. Coloreds, an Afrikaans-speaking and highly religious people, have looked askance at the aggressively English-speaking and secular ANC.

And then there is the question of whether all blacks are equal, or some more equal than others. To what extent is the ANC regarded as a largely Xhosa-based party, not ultimately hospitable to Zulus or to those like Cyril Ramaphosa, who lost out in the leadership stakes to Mbeki and who is a Venda?

These considerations may seem petty and crass in the atmosphere of reconciliation, but they form the basis of the political calculations about the future that are being made right now. Those to the left of the ANC are betting that the underlying social and economic problems are too serious to be solved by conventional economic remedies. Those to the right are putting together a coalition of whites, Coloreds, Indians, and conservative or dissatisfied black groups in preparation for the time when, they believe, the ANC's inability to deal with South Africa's problems will become manifest. And those within the ANC itself are calculating that loyalty and black solidarity will win continued support for the party, whatever the other races do. Will South Africa's political fabric and new constitution be able to withstand these strains? How would the ANC withstand the corruption of power if their power continued over a lengthy period—particularly when the ANC has not demonstrated much resolve in dealing with corruption even now?

AND, PERHAPS most important of all, what about the future leadership? Nelson Mandela has announced that he will step down in 1999, after the end of his first term. Mandela's extraordinary human qualities require no elaboration; it may be hard for anything to grow in that shadow. And yet South Africa is fortunate to have a successor of the caliber of Thabo Mbeki. He has had to oversee the administration of a president who admits that administration is not his strength, and of a new government taking over from one that had lost legitimacy and control over many areas of the country. He has been asked to deal with issues that are difficult if not insoluble—the strife in Kwazulu-Natal, for example, and the vexing and delicate problem of Winnie Mandela. He has had to do so without any of the advantages that attach to a chief of state, all the while maintaining the respectful anonymity of a chief of staff. It has been, in many respects, a remarkable performance. And yet, he is a curiously underestimated figure.

The truth is that he may be as courageous and exceptional a man as Mandela. It is an interesting and seemingly unrecognized fact that at the very moment when Mandela, without confiding in even his closest associates, began discussions with the South African government, Mbeki in 1985, with the

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blessing of ANC President Oliver Tambo but against the vehement opposition of most of the top ANC leadership, began similar discussions with Afrikaners whom he believed would be a conduit to the government. In an important book to be published soon in the United States, Patti Waldmeir, the longtime *Financial Times* correspondent in South Africa, calls this decision "probably the most important one ever made by the exiled movement."[18] Waldmeir maintains that Mbeki demonstrated a very subtle understanding of the deep psychological need of the Afrikaners to emerge from their isolation and their pariah status. It required great courage, moreover, to implement the policy, and that is what he did. Mbeki is not a perfect figure any more than Mandela is. It has been suggested that the failure to move against some of the alleged sources of corruption in the ANC may stem from his wish to preserve allies for the leadership race. But as an influence for peace in a party that was organized for war, his role has been an extraordinary one.

But there is another extraordinary—in the fullest sense of that word—element in the situation, and that is the forgiveness blacks have shown toward those who, in many instances, were their actual oppressors. When all is said and done there is something deeply moving about the process of reconciliation in South Africa. In this sense Nelson Mandela, in his own extraordinary qualities, is truly representative of his own people. One is not reaching for incongruous comparisons when one notes that his conduct may be as important to South Africa as that of George Washington was to the United States when he insisted on republican forms of address and limited himself to two terms. Mandela's conduct is not just an inspiration, it is an example. □

[18]Patti Waldmeir, *Anatomy of a Miracle* (New York: W.W. Norton & Co., 1997), p. 64.

In Old Vienna

Their eyes *must* have met. In a streetcar, on the Ringstrasse, on the Opernring, or in some of the cafés. Perhaps one of the numerous street photographers, under their black linen hoods, took a candid shot of them passing each other unawares. Mahler, Freud, Schoenberg, Karl Kraus, Adolf Hitler. Inevitably proximate as they crossed and recrossed the centre of Vienna, crucible, during those early years of the century, of the genius and disasters of our age. Would, between February 1908 and May 25, 1913, when he moved to Munich, any of the masters of clairvoyance and psychological notice, would the reconnoitrers of the apocalypse, a Kraus, a Broch, have caught anything in the glance of the young stranger—later legend insists on his mesmeric eyes—as he passed them either in the cast-off clothing he wore during his utter destitution in 1908-9 or dressed with modest propriety when life looked up a little during 1910-13? That recognition, perhaps perfunctory exchanges, must have occurred between the two schoolboys, Hitler (A.) and Wittgenstein (L. von) in the exercise-yard or corridors of the Realschule in Linz, which Wittgenstein attended from 1903 to 1906, is obvious. Photographs are secretive but tenacious allegories; there is one or another waiting to be discovered.

—George Steiner on "Hitler's Vienna", *Times Literary Supplement,* January 31, 1997

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After Hebron

Peter W. Rodman

A STRATEGIC RETREAT is the most difficult of all maneuvers. This is the nightmare that has tormented all Israeli leaders since the modern Arab-Israeli peace diplomacy began after the October 1973 war. But the experience of this diplomacy has taught Israel certain lessons; three are fundamental.

First, as is often pointed out, there is an asymmetry built into the negotiation in that Israel is asked to give up the physical buffer of territory in exchange for political commitments, which are by their nature more easily reversible. Israel's dilemma is that these political quids pro quo, though intangible, can be quite real—not only buffer zones that add to strategic warning, but broader strategic gains such as splitting the coalition of Israel's enemies, keeping international pressures off Israel's back, strengthening the U.S. strategic position in the Middle East, and so forth. These may be not only useful, but vital.

In the conduct of these negotiations, however, Israel can never be seen to yield to *force majeure*. The same concessions that may be harmless in one context might be dangerous in another, depending on the dynamic of events. It is essential that Israel be seen to negotiate from strength and to make concessions, if any, by its own choice—thus making realism and a substantial quid pro quo mandatory on the Arab side. Should Israel ever be seen to be "on the run", more extreme Arab programs become tempting and Arab radicals gain ground at the expense of Arab moderates.

But a third principle, as we have seen demonstrated in 1996, is that Israel pays a huge price whenever the diplomacy breaks down—if explosions take place that intensify the pressures on it. Israel's international position then becomes seriously weakened. It must therefore be a basic goal of Israeli foreign policy to have a political strategy—that is, an approach that maintains the initiative in order to shape the form and direction of the diplomacy and head off such disasters.

When Benyamin Netanyahu was elected prime minister at the end of May 1996, he faced an intellectual as well as a political challenge. His electoral mandate was to negotiate in a stronger and more balanced way, to pursue peace and also to reassure Israelis that their security, personal as well as national, would be enhanced by the process. His challenge was to demonstrate that his approach could produce better results. To do this, he needed to keep the negotiating process alive while re-shaping it in accordance with his mandate. For the Israeli public also attached great value to the country's burgeoning political relations with moderate Arabs from North Africa to the Gulf and to the expansion of Israel's economic entrée into European and

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Asian markets—all of which were byproducts of the diplomatic breakthroughs at Madrid (1991) and Oslo (1993). Netanyahu was not elected prime minister to preside over the loss of these major gains in Israel's political and economic position. His problem was how to square this circle.

When the political explosion occurred in late September over the (contrived) issue of the tunnel in Jerusalem, international pressures instantly coalesced against Israel (as they are wont to do). It became clear that Netanyahu had lost control over events. He was thrown on the defensive and has been the *demandeur* in negotiations ever since. This is not how it was supposed to turn out.

Getting to Hebron

NETANYAHU STARTED out lucky in that he inherited a diplomatic agenda that included a number of short-term issues left over from Oslo. In addition to the Israeli commitment to redeploy troops from most of Hebron, these loose ends included Palestinian promises to do more to suppress terrorism, turn over captured terrorists to Israel, respect the ground rules in Jerusalem, and produce a new National Covenant that drops the language calling for Israel's demise. Israel was also obliged to complete a release of Palestinian prisoners, create a safe passage between Gaza and the West Bank, and ease the economic closure of the territories if the Palestinians did their part on the security side.

These issues were inherently soluble—in contrast to, say, the larger permanent-status issues (for example, Jerusalem, sovereignty, borders) on which the two sides' positions were hopelessly irreconcilable. There were many possible ways to slice the onion in the city of Hebron, fulfilling the Oslo obligation yet demonstrating that Netanyahu drove a tougher bargain than Shimon Peres. Defense Minister Yitzhak Mordechai reportedly submitted a plan in the summer as to just how to handle this onion.

Had there been a deal with Palestinian Chairman Yasir Arafat in the summer of 1996 on Hebron and the other loose ends of Oslo, it would have been Netanyahu's vindication. He would have shown that he could make a deal on his own terms; the Palestinians would have grumbled but would have taken what they could get; the world would have breathed a sigh of relief that the peace process was still alive. In the afterglow, Netanyahu would have bought at least a year of relief from serious pressures to do much more. He would have had the initiative in his hands.

But instead, Netanyahu sat tight after his election, as if his honeymoon would last forever. The frustrations built; the explosion came. Certainly, the immediate pretext (the opening of the other end of a long-used archeological and tourist tunnel) was contrived; certainly, the performance of the Palestinian police (in turning their guns on the Israeli army) was a grotesque breach of Oslo; certainly, most of the international and media reaction was biased against Israel. But what else is new? In the wake of the September explosion, Netanyahu stared into the abyss: threats of renewed terrorism, of Arab countries downgrading relations, even war scares on the Syrian front. Toward the end of the negotiation, it was obvious that Arafat was stretching it out in order to extract the maximum from a beleaguered Israeli government that sorely needed an agreement.

The January 15, 1997 agreement on Hebron fulfilled the historical pattern that Israel's concessions were more tangible than its gains. Netanyahu agreed to an August 1998 deadline for completion of Oslo's three required Israeli redeployments, which he had wanted to postpone for at least a year longer. In return, the Palestinians agreed—for the third or fourth time—to work harder at such things as suppressing terrorism and producing a new Covenant. Ensuring that this reciprocity has teeth would be highly desirable (as Charles Krauthammer argues), but experience suggests that such things are always elusive, and the double standard will be difficult to

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overcome.[1] In the end, in other words, Netanyahu may have given more concessions on Hebron than he would have had to earlier, and which, had he done them earlier, would have headed off the explosion—and he did so in return for much less of a diplomatic payoff. The credit he is getting now for doing the deal is grudging; the respite that he gains from renewed international pressures will be measured in weeks or a few months.

In retrospect it is not clear that Netanyahu had any strategy at all in his first three months. I knew Netanyahu when he was Israeli deputy chief of mission in Washington in the 1980s, and over lunch I often made to him the Kissingerian argument about the strategic benefits to Israel of the peace diplomacy: Israel gained not only whatever security and political provisions were in any particular agreement, but also broader benefits, such as ensuring that the diplomacy remained under the control of Israel's American ally, bolstering the American position in the Arab world, keeping Russian and European troublemakers out of the picture, strengthening the Arab moderates while separating them from their radical brethren, and so forth. But Israel could not get this service for free; it had to contribute *something*; it had to find some issues on which it was willing to be flexible, which the United States could then promote to the Arabs as a hopeful avenue of diplomacy under U.S. auspices. If the diplomacy were hopelessly deadlocked, the United States would find its important strategic relationships with the Arab world under enormous strain, the Russians and Europeans re-injecting themselves in the diplomacy, Syria radicalizing the Arabs, Iran and Iraq fanning the flames, and the American ability to shield Israel from all these dangers simultaneously slipping away. Netanyahu used to listen quietly, smile at me, and ask why the United States of America was so sensitive to international pressures, and why we didn't just have the courage to hold fast.

That is where Netanyahu started. Today, for better or worse, he has been impelled by events in the opposite direction, and at a pace obviously not of his own choosing.

Where Do We Go From Here?

IN THE WAKE of the Hebron agreement, the imperative for Israel (and the United States) has been to formulate a coherent strategy for the next phase. The Oslo formula that Netanyahu inherited (and to which he has now given a Likud imprimatur) calls for a series of further interim redeployments, whose extent is not specified, along with talks on the ultimate (permanent-status) issues. Needless to say, there are many traps for the unwary on both tracks.

A negotiation on permanent-status issues has looked, until recently, to be a doomed negotiation. The two sides' positions were so utterly irreconcilable that such a dialogue seemed likely to deadlock immediately, only inviting a new crisis. It has long been a rule of thumb in Arab-Israeli negotiations that if the ultimate issues are insoluble, a step-by-step approach is the only alternative. Thus, it seemed advisable to delay the start of serious permanent-status talks while concentrating on additional incremental steps left over from Oslo—the extent of further redeployments and perhaps other increments of turning over authority to the Palestinians, in addition to the issues on which Israel sought satisfaction. This seemed to some—including me—to offer the best hope for avoiding a blowup that would jeopardize everything that had been achieved.

But the Middle East is a moving target. The biggest hangup of the Hebron negotiation was, in fact, not the devilish details of partitioning the city but the jockeying of both sides for advantage in the diplomacy that would follow. Both sides ended up trying to link the Hebron deal to their respective plans for the next phase—Arafat seeking to bind Israel to a rapid timetable for further interim withdrawals, Netanyahu seeking a longer timetable or to persuade Arafat to make the leap directly to the core issues of a permanent-status negotiation.

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[1]Charles Krauthammer, "The Road From Hebron", *The Weekly Standard*, February 3, 1997.

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Netanyahu had a point, for the evolution of his thinking had made a permanent-status negotiation suddenly more promising. In a stunning development (unreported in the international media), Netanyahu was in the process of making two major concessions of principle.

One has been to accept the concept of a semi-sovereign Palestinian state. In a *Jerusalem Post* interview in December, his close aide David Bar-Illan stated flatly that Netanyahu has conceded Palestinian sovereignty; the only issues left are the limitations on its geographic extent and its powers (demilitarization, for example). Invoking Netanyahu's arch-rival, Infrastructure Minister Ariel Sharon, who had been saying the same thing (and thereby giving Netanyahu important political cover), Bar-Illan said the Palestinians already had a state, whatever one calls it. The Likud goal of a "Greater Israel", Bar-Illan said, has been a lost cause since Oslo; partition was now a fact.[2]

Netanyahu had left himself some wiggle room. At other times, he and Bar-Illan have stressed the negative: that the Palestinians would get "less than full sovereignty." But the semantic evasions aside, there was no hiding the sea change that had occurred in a Likud doctrine that had insisted for decades on full *Israeli* sovereignty in an indivisible "Greater Israel."

Talks had indeed been underway for several months between Labor and Likud legislators on a common platform for the permanent-status negotiations, along these lines. As made public in mid-January, they agreed on the principles that would govern on issues like borders, settlements, and Jerusalem. Unofficial as it was, the document reflected an emerging national consensus (and might also become the basis for a national unity government once permanent-status talks begin in earnest).

The second major development has been a Likud retreat on settlements. Ever since the summer of 1996 the Netanyahu government had been signaling that, while the Jewish settler population in the occupied territories would be allowed to increase, the increase would be confined to "areas of national consensus"—that is, by and large, to communities near the 1967 line which, even under Labor's plans, would almost certainly be incorporated into a post-agreement Israel. An announcement in early August (much criticized for its formal lifting of Labor restraints on settlement building) in fact pulled the reins of decision making on settlements tightly into Netanyahu's hands—reducing the influence of Minister Sharon. A December cabinet decision to restore financial incentives to Jewish settlers (also much criticized) turns out to have been a cover for a Netanyahu decision to postpone any ground breaking on *new* settlements while permanent-status talks were pending. Netanyahu said as much in a television interview on December 15; Bar-Illan spelled it out in his media briefings that no new settlements would be authorized, and "not one square inch" would be added to the boundaries of any existing settlements.[3]

Taking these policy shifts and Hebron together, one can see the Israeli government's strategy emerging. Netanyahu has moved in the direction recommended by, among others, Henry Kissinger, who has urged that Israel plunge as soon as possible into a permanent-status negotiation. Kissinger, the father of the step-by-step approach, now believes it has run its course. Rather than be pummeled by international pressures during each stage of interim redeployment, à la Hebron, better to face the core issues directly and bear down on the real questions left open to Israel—that is, limits on the extent and powers of a Palestinian state so that it cannot threaten Israeli security.[4]

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[2]David Makovsky, "Bar-Illan: We may be able to accept a limited Palestinian state", *Jerusalem Post*, December 20, 1996.

[3]Ibid.; see also *Jerusalem Report*, January 9, 1997, p. 8.

[4]See, for example, Henry Kissinger, "The Bottom Line of the Peace Process", *Washington Post*, November 27, 1996.

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For Netanyahu, this makes sense. Depending on how they are carried out, further redeployments under Oslo could well determine de facto the extent of territory with which Israel is left. This was built into Oslo; for a Labor government it was a way to sneak up on a final territorial partition in the guise of fleshing out the transitional "autonomy" arrangements. A Likud government—if it is prepared to go to that destination—has no need to sneak up on it, nor is it inclined to delude itself that it is all only "transitional." This was the basis of Netanyahu's willingness to cut short the Oslo procedure. And since the scope of further redeployments is to be determined by Israel unilaterally, Netanyahu retains some leverage, which he can use to continue pressing Arafat to come to grips with the permanent-status issues. The two tracks (interim and permanent) are converging.

U.S. Policy: A Shield for Peace

NETANYAHU IS embarked on a high-risk strategy, unnerving to many of his Likud Party colleagues and supporters. But he has learned the hard lesson from last September that standing pat is not an option. Oslo and the creation of a Palestinian Authority have created a new reality, and this has forced an evolution in Likud doctrine more rapid than many imagined possible. A grand negotiation on the ultimate issues between Israelis and Palestinians—sovereignty, borders, Jerusalem, water, refugees—now seems not only inevitable, but plausible.

But is Israel dealing from weakness or from strength? Is Netanyahu still reeling from the pressures of last fall, or is this strategy the best hope for keeping the initiative in his hands? These questions will be debated passionately among Israelis and among friends of Israel in America. Even Netanyahu may not know the answer.

The United States bears a responsibility to guide the diplomacy in realistic directions and to shield Israel from outside pressures that will try to accelerate its concessions beyond what its security, or domestic consensus, will bear. Washington should insist on the reciprocity of obligations (as it is now committed, in writing, to do). The United States will need to keep its eye on the ball—that is, keeping the main negotiation on track—and not get caught up in the emotional international reaction to subordinate issues like settlements or tourist tunnels. (The Clinton administration deserves credit in this regard.)

Outside the negotiating room, a heavy responsibility still falls on the United States to shape the strategic context. Syria—embittered and increasingly isolated, especially if the Palestinian negotiation advances—needs to be deterred. There have been too many war scares in recent months on the northern front; Damascus needs to understand that if it starts a war, the United States will interpose no obstacle to a crushing Israeli counterblow that could spell the end of the regime.

The Europeans and Russians need to be encouraged to support the diplomacy as it unfolds, not to egg the Palestinians into unrealistic positions. The United States should consolidate its strategic partnership with Jordan, which has proven its acumen and support for the diplomacy; we should begin to distance ourselves from Egypt, whose strategic perceptions in the region seem not to parallel ours as much as before. The United States must continue to bolster its other moderate friends in the Arab world—maintaining military dominance in the Gulf, for example, and ratcheting up pressures against Iran and Iraq. Islamist extremism must be opposed, not appeased.

Even a final peace with the Palestinians will not end the dangers to Israel that now come from other directions (Iran, Iraq, Islamic extremism). At best, it will put Israel in a better position to confront those dangers as we enter a climactic phase of the half-century-old Arab-Israeli conflict. It will not be a quiet time. □

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The Common Sense

John Mueller

A FEW YEARS ago international politics experienced the functional equivalent of World War III, only without the bloodshed. In a remarkably short time, virtually all the major problems that haunted international affairs for a half century were solved. The Cold War evaporated, the attendant arms race was reversed, intense disagreement over Eastern Europe and the division of Germany was resolved, and the threat of expansionist international communism simply withered away. In the wake of this quiet cataclysm, we have entered an extraordinary new era: If we apply conventional standards, the leading countries are today presented at the international level with minor, immediate problems and major long-range ones—but no major immediate problems or threats.

Some international relations scholars and writers have been trying, at times a trifle desperately, to refashion constructs and theories originally designed for an era with compelling threats to fit one that lacks them. Despite their efforts, however, a policy consensus seems to be emerging among those who actually carry out international affairs in the leading countries. It stresses as a primary goal economic enrichment through open markets and freer trade (rather than through empire or triumph in war as in days of old); it allows for the inclusion into the club of those less developed countries that are able to get their acts together; and it seeks cooperatively to alleviate troubles in other parts of the world if this can be done at low cost (particularly in lives), and to isolate and contain those troubles that cannot be so alleviated.

In this new world dominated by unthreatened wealth seekers, public opinion will play its role in U.S. foreign policy, and as always it will be an important one. Many have rued this condition, George Kennan famously among them, but looked at over time, the general sense of the American public on core issues of foreign policy has often been rather coherent and reasonable—sometimes more so than that shown by the country's elites.

There is a considerable cache of good data about public opinion on foreign policy, some of it sufficiently consistent in design over time to show reliable patterns.[1] Such data do not, of course, announce their own interpretations, but their meaning can be teased out. Based on extensive analysis of this data—but without drowning the narrative in a half ton of documentary footnotes—I offer here ten proposi-

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[1]Huge quantities of public opinion survey results—hundreds of thousands of questions going back to the 1930s—are stored, and readily available for research, at such organizations as the Roper Public Opinion Research Center at the University of Connecticut.

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tions about American public opinion that bear important implications for the practice of foreign policy in our new era. Some of these propositions will strike many readers as obvious, others may seem counterintuitive—but not necessarily to the same readers.

1 Two facts are central: The public pays little attention to international affairs, and nothing much can be done about it; this, however, does not mean that Americans have become, or are becoming, isolationist.

Even in an age in which international interdependence is supposedly increasing by the minute, Americans principally focus on domestic matters. From time to time their attention can be diverted by major threats, or by explicit, specific, and dramatic dangers to American lives. But once these troubles vanish from the scene, the public returns to domestic concerns with considerable alacrity. So strong is the evidence on this score that it must be accepted as a fact of life that no amount of elite cajoling or uses of the bully pulpit will ever change.

According to the data, over the last sixty years the few events that have notably caused the public to divert its attention from domestic matters include the Second World War, the Korean War, the Vietnam War, and certain Cold War crises before 1963. Also included in this list, fleetingly at least, were the Iran hostage crisis of 1979-80, perhaps embellished by concern over the Soviet invasion of Afghanistan; the apparent prospect in the early to mid-1980s of nuclear war; and the Gulf War. That's about it; at no time since the 1968 Tet Offensive have foreign policy concerns outweighed domestic ones in the public eye—even in the midst of the Gulf War.

Nevertheless, the data suggest that the public has not become newly isolationist—it is about as accepting of involvement in foreign affairs as ever. That the American public has been able to contain its enthusiasm for sending American troops to police such trouble spots as Bosnia and Haiti does not mean that it has turned isolationist. Americans were willing, at least at the outset, to send troops to die in Korea and Vietnam because they subscribed to the view that communism was a genuine and serious threat to the United States that needed to be stopped wherever it was advancing. But polls from the time make clear that they had little interest in risking American lives simply to help out beleaguered South Koreans or South Vietnamese. Moreover, poll questions designed directly to measure isolationism find little change in the wake of the Cold War. In other words, the public does not pay much attention to foreign affairs most of the time, but it seems ready to care about foreign affairs if there is a clear, obvious reason to do so. This trait has been fairly consistent over many years.

2 The public undertakes a fairly sensible cost-benefit accounting when evaluating foreign affairs and, not unreasonably, the key to its definition of cost is the high value it places on American lives.

Public opinion analysis generally supports the proposition that the American people will tolerate a substantial loss of American lives if the enemy is seen to be powerful and set on jeopardizing vital American interests. But the notion that Americans should die to police a small, distant, perennially troubled, and unthreatening place has always proved difficult to sell. Nor has it been possible to generate much support for the notion that American lives should be put at risk in order to encourage democracy abroad.

After Pearl Harbor the American public had no difficulty accepting the necessity, and the human costs, of confronting the threats posed by Germany and Japan. And after the war, it came to accept international communism as a similar source of threat and was willing to support military action to combat it. However, as the Cold War's hot wars progressed in Korea and Vietnam, the data show clearly that the public undertook a continuing reevaluation of these premises, and, as it did, misgivings mounted. The data also suggest that these misgivings were primarily a func-

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tion of cumulating American casualties, not of television coverage and, in the case of Vietnam, definitely not of antiwar protest.

Policy in the Gulf War was subject to a similar calculus. Many Americans bought George Bush's notion that it was worth some American lives—perhaps one or two thousand, far lower than in Korea or Vietnam—to turn back Saddam Hussein's aggression in Kuwait. But it is clear from poll data that support for the effort would have eroded quickly if significant casualties had been suffered.

While the public's concern about American lives often seems nuanced, there are times when it becomes so obsessive, so unreasonable by some standards, that policy may suffer in consequence. In the case of Vietnam, public opinion essentially supported the war until American prisoners-of-war held by Hanoi were returned; after that burden was eased, the weight of growing misgivings overtook any inclination to press on. Although some might question the wisdom of continuing a war costing thousands of lives to gain the return of a few hundred prisoners, it would be difficult to exaggerate the political potency of this issue. In a May 1971 poll, 68 percent agreed that U.S. troops should be withdrawn from Vietnam by the end of the year. However, when asked if they approved of withdrawal "even if it threatened [not *cost*] the lives or safety of United States POWs held by North Vietnam", support for withdrawal plummeted to 11 percent.

The emotional attachment to prisoners-of-war has been a recurring theme in the politics of U.S. military interventions. It was central to the lengthy and acrimonious peace talks in Korea, and outrage at the fate of American POWs on Bataan probably generated as much hatred for the Japanese during the Second World War as the attack on Pearl Harbor. Saddam Hussein's decision to parade captured American pilots on television early in the Gulf War ranks among his many major blunders. The preoccupation with hostages held by Iran during the crisis of 1979-81, and after that the fate of a few abducted Americans in Lebanon—a concern that helped to generate the Iran-Contra scandal—are also cases in point.

On the other hand, Americans seem quite insensitive to casualties suffered by foreigners, including foreign civilians. During the Gulf War Americans displayed little animosity toward the Iraqi people. However, the available data show that this view did not translate into sympathy for Iraqi casualties. Extensive coverage of civilian deaths in an attack on a Baghdad bomb shelter had no effect on attitudes toward U.S. bombing policy. Similarly, images of the "highway of death", and early postwar reports that 100,000 Iraqi soldiers had died in the war (a figure too high probably by a factor of more than ten), scarcely dampened the enthusiasm of the various "victory" parades and celebrations.[2]

These basic characteristics of American opinion are also illustrated by the public response to the international mission to Somalia in 1992-93. American policy there has been labeled a "failure" because, although tens and probably hundreds of thousands of foreign lives were saved, a few Americans were killed in the process. In essence, when Americans asked themselves how many American lives peace in Somalia was worth, the answer was rather close to zero.

3 The public's attitudes on foreign affairs are set much more by the objective content of the issue and by the position of major policymakers (including the political opposition) than by the media.

The media are not so much agenda setters as purveyors and entrepreneurs of tantalizing information and, like any other entrepreneur, they are susceptible to market forces. If they give an issue big play, it may arrest attention for a while, but this is no guarantee the issue will "take." As with any business enterprise, media moguls follow up on those proffered items that stimulate their customers' interest. In that very important sense, the media does not set the agenda, the public does.

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[2]On Iraqi casualties, see my essay, "The Perfect Enemy", *Security Studies* (Autumn 1995).

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Concern about the Ethiopian famine of the mid-1980s, for example, is often taken to have been media-generated since it was only after the problem received prominent play that it entered the public's agenda. However, the media were at first reluctant to cover the issue because they saw African famine as a dog-bites-man story. Then NBC television decided to buck the consensus and do a three-day sequence on it, and this in turn inspired a huge public response, whereupon NBC gave the crisis extensive follow-up coverage while its television and print competitors scrambled to get on the bandwagon. There is a sense, of course, in which it could be said that NBC put the issue on the public's agenda. But the network is constantly doing three-day stories, and this one just happened to catch on, to strike a responsive chord. It seems more accurate, then, to say that NBC put the item on display—alongside a great many others—and that it was the public that found it there, picked it out, and took it home.

4 The "CNN effect" is vastly exaggerated. It follows from the above that the argument that television pictures set the public's agenda and policy mood—the so-called CNN effect—is hard to credit. This effect is usually taken to mean that televised images can cause intense interest where there might otherwise be none, and that such interest can have important effects on policy. Sometimes this might be the case, but, on balance, the CNN effect is exaggerated, and some interpretations of it seem well off the mark.

Essentially, believers in the CNN effect contend that people are so unimaginative that they react only when they see something visualized. However, Americans were outraged and quickly mobilized over the Pearl Harbor attack months before they saw any pictures of the event. Less obvious but more important, the Vietnam War was not noticeably more unpopular than the Korean War for the period in which the wars produced comparable American casualties, despite the fact that the later war was a "television war", while the earlier one was fought during that medium's infancy.

The conventional wisdom about the CNN effect amounts to a triumph of myth over matter. After all, for years we were deluged by pictures of horrors in Bosnia and, while these pictures may have influenced the opinion of some editorial writers and columnists, there was remarkably little public demand to send American troops over to fix the problem. Nor did poignant and memorable pictures inspire a surging public demand to do much of anything about Rwanda or Haiti. The reason, it would seem from the data, is disarmingly simple: Whatever the pictures showed, the public saw no serious threat to American security in either of these cases that could justify risking American lives.

On those rare occasions when pictures have—or seem to have—an impact, as over Ethiopia in the mid-1980s, observers eagerly note the fact. But when pictures fail to have an impact, the same observers fail to notice *that* fact—or come up with tortured accountings to explain the media's lack of impact. This slippery process is nicely illustrated by the case of the journalist Jack Germond.

As the Haitian crisis was heating up in 1994, Germond pointedly noted that "We're seeing the coverage of children starving and ill and so forth." When it was pointed out to him that the polls were suggesting that most Americans did not want troops in Haiti because it was not in the country's vital national interest, Germond responded, "The numbers might change if we keep getting all this film about the starving kids there." However, when the numbers didn't change, he later mused, "It's interesting that three or four years ago in Somalia, for example, television film of starving children was enough to make the country act. Now, television film of starving children in Haiti and atrocities is not enough." Groping for an explanation, Germond philosophized, "No one wants to say so, but there's a race factor here. There's

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no question about that."[3] That the starving children in Haiti happened to be of the same race as those in Somalia did not dampen his punditry in the slightest.

Another example: One explanation offered for the unwillingness of the American public to send troops to Bosnia is that the constant suffering shown on television happened not to "sensitize" the public but rather "inured" it.[4] We are supposed to believe that whether the public, in its collective wisdom, concludes that troops should or should not be sent, television is always somehow the cause. It isn't.

5 Foreign policy has become less important in judging the performance of the president and of presidential contenders.

During the Cold War, foreign policy was often important in presidential elections, but in its wake the general tendency of the American public to ignore foreign policy in national elections has been given free reign. Banking on his Gulf War success and on his opponent's lack of experience in foreign policy, George Bush tried hard to make foreign affairs a central issue in the 1992 campaign, but failed. His ratings for handling the economy plummeted within days of the end of the war as the public quickly refocussed its attention on domestic matters. And when candidate Bill Clinton went out of his way to deliver a few serious foreign policy speeches, he found them generating little public or press attention. As suggested by the 1996 campaign, this phenomenon is likely to continue.

6 The advantage to a president of a success in a minor foreign policy venture is marginal; the disadvantage to a president of a failure in such a venture is more than marginal, but still far from devastating unless the failure becomes massively expensive.

If George Bush found little lasting electoral advantage in a large dramatic victory like the Gulf War, smaller accomplishments are likely to be even less rewarding in an era of great foreign policy inattention. America's recent venture into Haiti has been a success by most reasonable standards. Yet, while surely a feather in his cap, this venture has garnered Bill Clinton little credit—though it probably helped to diffuse his reputation for foreign policy ineptitude as a potential Republican campaign issue. Something similar could be said for his successes—possibly of historical importance—on the North American Free Trade Agreement and on the General Agreement on Tariffs and Trade.

Although messing up marginal ventures can be politically damaging by contrast, particularly if seen to fall within a pattern of poor performance, the costs need not be high. This stems from the fact that the public has shown a willingness to abandon an overextended or untenable position after American lives have been lost: The deaths of eighteen U.S. soldiers in Somalia in 1993, for example, led to outraged demands for withdrawal, not for calls to revenge the humiliation.

This episode, as well as the withdrawal from Lebanon after a truck bomb killed 241 U.S. Marines in 1983, suggests that when peacekeeping leads to unacceptable deaths, peacekeepers can be readily removed with little concern for saving face. If a venture is seen to be of little importance in terms of serious American interests, a president can, precisely because of that, cut and run without fear of inordinate electoral costs—though it will hardly be something to brag about. U.S. military interventions, then, need not become "quagmires."

7 If they are not being killed, American troops can remain in peacekeeping ventures virtually indefinitely with little public criticism; it is not important to have an "exit strategy", a "closed-end commitment", or "a time-certain for withdrawal" except for the pur-

[3] Quotations taken from transcripts of "The McLaughlin Group", Public Broadcasting Service, July 1 and September 16, 1994.

[4] See Clifford Orwin, "Distant Compassion: CNN and Borrioboola-Gha", *The National Interest* (Spring 1996).

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pose of selling an intervention in the first place.

Although there is an overwhelming political demand that casualties be extremely low in ventures deemed of minor importance, there seems to be little problem with keeping occupying forces in place as long as they are not being killed. After the deadly Somalia firefight, the Americans stayed on for several months and, since there were no further casualties, little attention was paid or concern voiced. Similarly, although there was scant public or political support for sending U.S. troops to Haiti, there has been almost no protest about keeping them there since none have been killed. And Americans have tolerated—indeed, hardly noticed—the stationing of hundreds of thousands of U.S. troops in Europe, Japan, and South Korea for decades on end. If they are not being killed, it scarcely matters whether the troops are in Macedonia or in Kansas.

On the other hand, if American troops start to take casualties while on peacekeeping missions, there will be demands to get them out quickly, whatever "date-certain" for withdrawal had been previously arranged. Thus, despite calls for knowing in advance what the endgame will look like, the only real "exit strategy" required is the tactical flexibility to yank the troops abruptly from the scene if things go awry.

8 A venture deemed of small importance is best sold not with cosmic internationalist hype, but rather as international social work that can be shrugged off if it goes wrong.

Most of the knotty and dramatic international problems that occupy the headlines are of remarkably little concern to the United States if one applies commonly accepted standards of what constitutes the national interest—and the public seems to be applying exactly those standards. Many problems are, in fact, mainly humanitarian in nature, exercises in what Michael Mandelbaum has called international "social work."[5]

But the notion of the United States doing international social work is not necessarily a non-starter. There is, after all, adequate support for domestic social work. International social work might best be sold in the same way as the domestic variety—as a good faith effort that can be abandoned if the client proves untreatable, rather than wrapped in the false guise of strategic interest. By contrast, in 1995 President Clinton argued that, "If war reignites in Bosnia, it could spark a much wider conflagration. In 1914, a gunshot in Sarajevo launched the first of two world wars"—a historical parallel that was wildly overdrawn, as numerous commentators promptly pointed out. Despite Clinton's claim that a new war in Bosnia "could spread like a cancer throughout the region", the "conflagration" in Bosnia seems, if anything, to have been successfully contained.

In principle, grandiloquent rhetoric can restrict later policy flexibility: If the fate of Europe really does hinge on tiny Bosnia (Clinton: "Europe will not come together with a brutal conflict raging at its heart"), failure there would be disaster. Fortunately, however, the public often seems more sensible on such matters than its leaders. When he sent the Marines to help police Lebanon, Ronald Reagan declared that "in an age of nuclear challenge and economic interdependence, such conflicts are a threat to all the people of the world, not just to the Middle East itself." Despite such an overblown sales pitch, however, the public had no difficulty accepting Reagan's later decision to have the Marines "re-deployed to the sea" after 241 of them were killed by a truck bomb.

The American people clearly do not spend a lot of time musing over public policy issues, particularly international ones. But they *are* grown-ups and, generally, they react as such. Policymakers might do well occasionally to notice this elemental and important fact.

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[5]Michael Mandelbaum, "Foreign Policy as Social Work", *Foreign Affairs* (January/February 1996).

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9 A danger in peacekeeping missions is that Americans might be taken hostage, something that can suddenly and disproportionately magnify the perceived stakes.

Because of the overriding importance Americans place on American lives, policy in low-valued ventures remains vulnerable to hostage-taking. As noted, peacekeeping missions need not become quagmires because the president can still abruptly withdraw troops from an overextended position with little long-lasting political cost. However, this flexibility can be dramatically compromised if American troops are taken hostage.

This is illustrated by some evidence from the Somalia episode. In the debacle of October 1993, a Somali group captured one American soldier. Polls clearly demonstrated that the public was determined that U.S. forces remain until the prisoner was recovered and only then to withdraw. Some opposition to placing U.S. soldiers on the Golan Heights between Israel and Syria has rested in part upon fear that U.S. personnel might be taken hostage by Syrian-supported Shi'a fundamentalists—and perhaps killed as well, as was the fate of Lt. Col. William Higgins in 1989. While such fears may be exaggerated, and sometimes pressed into political service for ulterior reasons, the concern is by no means baseless.

10 Nuclear weapons in the hands of rogue states and international terrorism remain potentially attention-arresting concerns.

In an era free of compelling threats, few concerns can turn the public's attention to foreign affairs. However, polls show that from time to time nuclear weapons do seem to retain some of their legendary attention-arresting aura, and the same may hold for biological and chemical weapons.

While it is not entirely clear what a country like North Korea, Iran, Iraq would actually do with a nuclear weapon or two—confronted as they are by countries that have thousands of them—alarm over such a possibility can rise to notable levels. In 1994, 82 percent of the public (up from 58 percent four years earlier) identified "preventing the spread of nuclear weapons" as a very important foreign policy goal—putting it in third place in the poll's sixteen-item list. (The top two goals were really more of domestic than of foreign policy concern: "stopping the flow of illegal drugs into the U.S." and "protecting the jobs of American workers.") The public also selected "the possibility of unfriendly countries becoming nuclear powers" as the top "critical threat" to the United States.

The public's fear of international terrorism is also quite robust. On average, international terrorism kills fewer Americans each year than lightning, or colliding with a deer. But though terrorism is rather unimportant in that literal sense, it generates fear and concern far out of proportion to its objective significance; it was almost as oft-cited a "critical threat" as nuclear proliferation in the 1994 poll.

IN THE END, it seems, misanthropes and curmudgeons are the only truly happy people: no matter how much things improve, there will always be something to complain about and to worry over. When one problem is solved, another is quickly promoted to take its place. Thus, now that life expectancy has increased to a level that would have tested the credulity of our ancestors a century ago, we, their progeny, worry about the huge budget deficit substantially caused by the fact that people now live so long. Most Americans believe that there has been an increase over the last twenty years in air pollution and in the number of elderly living in poverty, when the reverse is decidedly the case. "Status quo", as Ronald Reagan reportedly liked to put it, "is Latin for 'the mess we're in'", and there is, reliably, always some mess somewhere to be in.

This general phenomenon carries over to international affairs as well. When a peace mission helps peoples in the former Yugoslavia to stop killing each other, pundits are quick to find fault because it is unable to entice them to love each other as well. Thus there is a school of thought that contends that the post-Cold

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War era is just as dangerous as the one we have left behind, and it counsels keeping commitments and defense spending high, and tolerance for the mischief of others low. So, even in a state of considerable peace the catastrophe quota will always remain comfortably full. Although the chances of a global thermonuclear war—or indeed of any war among major developed countries—have diminished to the point where remarkably few even remember the terror it once inspired, one can concentrate on more vaporous enemies like insecurity, uncertainty, instability, and what one European foreign minister, the late Johan Jørgen Holst of Norway, darkly labeled "unspecified risks and dangers."[6] Or one can declare our new era to be profoundly, even dangerously, "complex" by conveniently forgetting the difficult and painful choices of the Cold War: The United States once had to treat Mobutu Sese Seko of Zaire as a dictator who brought his country to ruin, but who had been on the right side in the Cold War; today it can treat him merely as a dictator who has brought his country to ruin.

In any event, it is clear that alarums about uncertainty and complexity from academics and pensive foreign diplomats will not cure the attention deficit disorder that, as usual, characterizes the American public's approach to international affairs. In an era free of compelling threats, the public is likely to continue happily to focus its ennui and its *Weltschmerz* on parochial matters, not foreign ones—at least until there is good reason for them to do otherwise. Given the record of its generally good sense, that is perhaps not such a tragedy. □

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[6]Johan Jørgen Holst, "European and Atlantic Security in a Period of Ambiguity", *The World Today* (December 1992), p. 218.

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A Pessimist of Promise

Thomas A. Howard

THE TWENTIETH century has not been kind to the idea of progress, to that core of optimistic Enlightenment thinking whose project Condorcet described as the "limitless perfectibility of the human species." If the trenches of the First World War were not enough to cast doubt upon its prospects, certainly Auschwitz and Hiroshima more than sufficed. The holdouts thereafter—those liberals and Marxists still upholding the Enlightenment's positivist, materialist orthodoxies—have come largely undone through the manifest maladies of the welfare state on the one hand, and the far more dramatic collapse of communism on the other. Richard Rorty advises socialists and their sympathizers that they will one day have to admit, if they haven't already, that the once-celebrated "image of Lenin at the Finland Station . . . will form a triptych along with that of Hitler at a Nuremberg rally and of Mussolini on the balcony of the Palazzo Venezia."[1]

The idea of progress, in its essential Enlightenment beginnings and even more so in its nineteenth-century expressions, was bound up with an exchange of faith: the substitution of science and reason for God and Providence. Now that the gods of the Enlightenment have had their clay feet exposed, the way is open for some to return to faith. But many cannot; too secular for belief in God, and too skeptical for trust in reason, they have given birth to postmodernism in its various guises.

It is easier to ridicule postmodernism than it is to define it. Its basic impulse oscillates between nihilism and humility, between denying objectivity and the possibility for meaningful rational discourse on the one hand, and recognizing the frailties and limits of the human endeavor on the other. In the former cast of mind, history is reduced to hopelessly subjective narrative; in the latter, however, it turns into a philosophical challenge that puts it, very surprisingly perhaps, into the company of St. Augustine.

To understand how two such seemingly opposite philosophical strains can coexist, there is no better mentor or model than Jacob Burckhardt, the great Swiss-German historian of the last century (1818-1897). Burckhardt is unusual among the nineteenth-century critics of progress in that he arrived at his skepticism not from an explicitly religious standpoint to battle against Hegel and Marx, Comte and Spencer, Proudhon and the English Whigs. Unlike Cardinal J. H. Newman, Kierkegaard, and the popes of the day, Burckhardt wrote as an insider of modernity's secular elite culture. Burckhardt

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[1]Richard Rorty, "Intellectuals at the End of Socialism", *Yale Review* (April 1992), p. 10.

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was an apostate to Christianity and an avowedly secular historian, and his attacks against some of the central assumptions of his time were made quite often on his enemies' own intellectual ground. Nonetheless, and perhaps unbeknown to Burckhardt, his skepticism of progress bears witness to the validity of certain religious insights; but perhaps so does the skepticism of many postmodernists whether or not they would ever admit it. For all these reasons, present-day postmodernist critics of progress will ignore Jacob Burckhardt at their peril.

A PASTOR'S SON and himself an aspirant to the ministry, Burckhardt renounced Christianity after encountering German historical criticism of the Bible while a theology student at the University of Basel. The wrenching religious crisis that he experienced led him to become a historian; reasoning that "Christianity [had] entered the realm of purely human periods of history", he left Basel in 1839 for Berlin to study under Leopold von Ranke, the father of modern historical scholarship.

Publishing little after his renowned *The Civilization of the Renaissance in Italy* (1860), Burckhardt devoted his entire life to the craft of teaching history. Until German historians re-examined their cultural assumptions after the Second World War, the Swiss (and hence anti-Prussian) Burckhardt was little known and little understood. In 1874 he declined a prestigious chair in history at the University of Berlin, preferring to stay in humble Basel, where, as he put it, "I can say what I want to." A lifelong bachelor, he lived in two rooms above a bakery, took long walks on Sunday afternoons, and periodically sojourned to Italy for research. Townspeople knew him simply as "the old man with the portfolio" because of the art reprints he lugged to lectures.

He was a masterly lecturer. When in 1870 the twenty-four year old Friedrich Nietzsche first heard Burckhardt, he was delighted by Burckhardt's cultural pessimism and anti-modern sentiment—"a lovely and rare refrain" he called it, and with characteristic immodesty believed himself to be the only person in attendance who understood Burckhardt's "profound thoughts" with "their strangely abrupt breaks and twists."[2] The two were colleagues and friends together for ten years at Basel before Nietzsche's controversial philosophizing dismayed Burckhardt, prompting him to dismiss his younger friend's activities as a "publicity stunt."

Today, those interested in Burckhardt's critique of liberalism and progressivism have made much of his influence on Nietzsche. Many argue that Burckhardt's thought represents a precocious disillusionment with modernity, a proto-existentialism or proto-postmodernism that properly got underway in the writings of Nietzsche, Freud, and Heidegger and in the general *fin de siècle* malaise that characterized Europe's intelligentsia just before and during the Great War.[3] Yet those who link Burckhardt with postmodernism's "founding fathers" have failed to investigate his once serious religious faith and the vestigial Northern Renaissance humanism that he inherited as a Basler *Pfarrersohn* ("pastor's son"). Closer examination suggests that an abiding Augustinian conception of human nature, a belief in the flawed and frail character of things human, more accurately accounts for Burckhardt's disaffection with modernity: his anti-modernism was of a distinctly premodern, religious sort, however postmodern it might appear today.

To be sure, Burckhardt's Augustinian pessimism was not fashionable in his day, even among most Christians. The bourgeois,

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[2]Nietzsche to Carl von Gersdorff (November 7, 1870) in Giorgio Colli and Mazzino Montinari, eds., *Neitzsche Briefwechsel* (Berlin: de Gruyter, 1977), p. 155.

[3]For example, see Jörn Rüsen, "Jacob Burckhardt: Political Standpoint and Historical Insight on the Border of Post-Modernism", *History and Theory*, vol. 24, 1985.

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optimistic religiosity of the nineteenth century was a far cry from that of its medieval and early modern antecedents. The doctrine of original sin and the notion of the world as a "vale of tears" had become the most attenuated aspects of Christian theology among high culture elites. Further, the ideology of material progress was by no means restricted to secular utopianists. For example, Walter Rauschenbusch, father of the "Social Gospel", in his *Christianity and the Social Order* remarked on the eve of the misery of 1914-18 that nearly two millennia of Christian influence had served its purpose as "a long preliminary stage" for the contemporary achievement of worldwide material improvement.

Such associations of wealth and progress with Christianity deeply disturbed Burckhardt, who looked wistfully to his lost childhood faith to provide the antidote to the uncritical belief in the forward march of history. Sadly, he felt that modern Christianity had compromised its once pessimistic appraisal of human nature. Burckhardt commented to a friend in 1871:

> The only conceivable salvation would be for this insane optimism . . . to disappear from people's brains. But then our present-day Christianity is not up to the task; it has gone in for and got mixed up with optimism for the last two hundred years.[4]

Lecturing in Basel, Burckhardt lambasted "progress", that "most ridiculous vanity, as if the world were marching toward a perfection of mind or even morality."[5]

Indeed, Burckhardt never bought into historical optimism, convinced that "progress" was defined by political leaders, who, despite allegiance to ideals such as popular sovereignty and social reform, were ultimately concupiscent human beings inclined to abuse power. His judgments of contemporary political developments were made from this distrustful perspective. For example, Burckhardt noted that Otto von Bismarck's liberal rhetoric often only served to mask his nationalist militarism and efforts toward state centralization. When the Franco-Prussian War broke out in 1870, Burckhardt thus opined that

> such events demonstrate repeatedly on what hollowed-out ground we stand. The roots are much deeper than one thinks. They are connected to the freedom swindle, to Rousseau's ideas of the goodness of human nature. To be sure, Christianity has often made its doctrine of the corruptibility of the human heart unsavory, but it nonetheless rests on more profound insight into human nature.[6]

Bismarck's policies and actions were not anomalies in Burckhardt's eyes; they were characteristic of unsettling trends stemming from the worst elements of the French Revolution. In his historical analysis, Burckhardt thus scoured the putatively liberal milieu of recent history for masked powers manipulating progressive rhetoric for sinister purposes. Above all, Burckhardt deplored the "lawless centralization" of state power.[7] The modern liberal nation-state in his eyes had attained the potential for a "sultanic despotism", instanced in such phenomena as the forced secularization of church property and wars of "national necessity." In the future, Burckhardt made clear, Europe would soon witness the specter of a new Caesarism. Since "public benefit" and "public opinion" cannot be realized collectively, he reasoned, "the people" must look to the state as "benevolent father." As the weary French had earlier wel-

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[4]Jacob Burckhardt, *Briefe* V, Max Burckhardt, ed. (Basel and Stuttgart: Schwabe & Co., 1963), p. 130. Cf. Alexander Dru, ed. and trans., *The Letters of Jacob Burckhardt* (Westport, CT: Greenwood Press, 1955), pp. 147-8.

[5]Burckhardt, *Reflections on History*, M.D. Hottinger, trans. (Indianapolis: Liberty Press, 1979), p. 332-3.

[6]Quoted in Arnold von Salis, "Zum hundertsten Geburtstag Jakob Burckhardts", *Basler Jahrbuch* (1918), p. 294.

[7]Burckhardt, *On History and Historians*, Harry Zohn, trans. (New York: Harper & Row, 1958), p. 219.

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comed the dictatorial powers of Napoleon, so Burckhardt thought that nineteenth-century socialists "would assign the state never-heard-of and outrageous tasks, which could be accomplished only by a mass of power which also was never-heard-of and outrageous."

Unlike Hegel, then, Burckhardt did not see the state as a desirable agent of good; rather he saw it as a potential evil, more likely to become "a mere dreary self-enjoyment of power, a pseudo-organism existing by and for itself":

> The 'realization of ethical values on earth' [Hegel] by the state would simply be brought to grief again and again by the spiritual inadequacy of human nature in general, and even of the best of humanity in particular. The forum of morality lies quite outside the state, and we may wonder that it can do as much as uphold conventional justice. The state will be most likely to remain healthy when it is aware of its own nature . . . as an expedient.[8]

Burckhardt also made clear that the concept of property had outlasted all other principles and values, and in the hands of the "all-powerful state" had become coterminous with the principle of "the nation." This portended militarism, the suppression of difference, and the ruthless imperialist agglomeration of lands.

Put simply, Burckhardt did not celebrate post-1789 Europe. Increased state power, nationalism, and revolutionary energies, combined with rampant commercialism, betokened for him a future "accelerated by nationalist wars and deadly industrial competition."[9] The individual was at risk of being subsumed by the state, which in turn might succumb to rule by "*terribles simplificateurs*." "It has long been clear to me", Burckhardt wrote some thirty years before Mussolini's march on Rome and Hitler's Munich putsch,

> that the world is moving toward the alternative between complete democracy and absolute, lawless despotism, and the latter would certainly not be run by the dynasties, who are too softhearted, but by supposedly republican Military Commanders. Only people do not like to imagine a world whose rulers utterly ignore law, prosperity, enriching work, and industry, credit, etc., and who would rule with utter brutality. But those are the people into whose hands the world is being driven.[10]

A CONFIRMED apostate, Burckhardt nonetheless found a modicum of solace in acknowledging the Christian conception of the world as a fallen place. This outlook contained in his judgment a sad but true wisdom, not reflected in the political and intellectual refrains of modernity. Burckhardt's unusual retention of this attitude after his apostasy helps account for his critical and lonely perspectives on otherwise celebrated developments.

Significantly, Burckhardt also embraced a very unmodern mindfulness of the limits of human reason. In reaction to the widespread confidence in the Promethean powers of modern science (*Wissenschaft*), Burckhardt described his own mode of inquiry as essentially subjective and *unwissenschaftlich*. Like the Danish philosopher Søren Kierkegaard, Burckhardt regarded Hegel's all-embracing philosophical system as the fateful prototype of modernity's faith in ratiocination:

> Hegel, in his . . . *Philosophy of History*, tells us that the only idea which is 'given' in philosophy is the simple idea of reason, the idea that the world is rationally ordered: hence the history of the world is a rational process. . . . We are not, however, privy to the purposes of eternal wisdom: they are beyond our ken. [Hegel's] bold assumption of a world plan leads to fallacies because it starts out from false premises.[11]

Instead of attesting to the inevitable triumph of reason, for Burckhardt history was

[8] *Reflections on History*, p. 16f.
[9] *On History and Historians*, p. 231.
[10] *Briefe* VIII, pp. 31-2.
[11] *Reflections on History*, p. 33.

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closer to what the American author James Agee once called "the cruel radiance of what is." History offered neither progressive patterns nor embedded rationality. Although he did not speak explicitly of "sin", Burckhardt maintained that his conception of history was simply one of "man, suffering, striving, doing, as he is and was and ever shall be. Hence our study will . . . be pathological in kind."[12]

Despite residual allegiance to certain religious sensibilities, Burckhardt never rallied sufficient conviction to reaffirm his lost faith. His religious crisis, brought on by historical criticism and by the subsequent historicizing of his mind as a student at Berlin, exemplifies Franklin L. Baumer's assertion that, even more so than natural science, "the historical . . . [was] the most devastating of all the modes of nineteenth-century skeptical criticism."[13] The notion of historicism (or, if you will, cultural relativism), pervasive in the American humanities today, has its roots in nineteenth-century German intellectual life. Historicism is a "world-view", observed the German sociologist Karl Mannheim in 1924,

> which came into being after the religiously determined medieval picture of the world had disintegrated and when the subsequent Enlightenment['s] . . . supra-temporal Reason, had destroyed itself. . . . Historicism alone . . . provides us with a world-view of the same universality as that of the religious world-view of the past.[14]

Today, one need only observe the working out of multiculturalism on America's campuses to behold the extent to which historicism has permeated contemporary humanistic discourse. Any undergraduate may come away from "Humanities 101" with historicism's two chief tenets: all ideas, cultures, and religions are time- and place-conditioned phenomena and hence of only *relative* worth; and because of this relativity there is no place for *a priori*, religious (or "foundationalist" or "essentialist") claims to truth. Yet, a problematic third tenet is often not articulated: modern historicism itself is a product of historical conditions and hence cannot claim to be "true." Ironically, while undermining past verities, modern "historicists" rarely pause to recognize the relativity of their own cultural-relative analysis.

Burckhardt puzzled over this conundrum. He observed once that "we [in the present] can never rid ourselves entirely of the views of our own time and personality, and here, perhaps, is the worst enemy of knowledge." Nonetheless, he thought that historical inquiry was beneficial for it encouraged a "true skepticism", which had an "indisputable place in a world . . . in constant flux." A historical sense, in his view, guarded one from accepting facile dogmatisms at face value. But unlike many present-day historicists, who often undermine traditional values through historicization only to advance their own agendas, Burckhardt recognized that the past had profound power to speak to and criticize the present. Indeed, the present had no privileged observer status and he thus warned repeatedly against "taking our [own] historical perspectives for the decrees of history."

If historical knowledge often led to uncertainty, what is the function of the historian? Burckhardt thought that the historian should strive for reverent remembrance by contemplating the culture and thought of bygone eras. Repudiating Hegel's teleological History, Burckhardt settled instead for a more modest conception of knowing the past, one that emphasized the steady acquisition of wisdom, and which he saw not only as a "duty . . . [but a] supreme need, our very freedom in the very awareness of universal bondage and the stream of necessities."[15]

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[12] *Reflections on History*, p. 34.

[13] Franklin L. Baumer, *Religion and the Rise of Skepticism* (New York: Harcourt Brace & Co., 1960), p. 156.

[14] See Karl Mannheim, "Historismus", *Archiv für Sozialwissenschaft und Sozialpolitik*, vol. 52, 1924.

[15] *Reflections on History*, p. 35f.

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THERE IS INDEED much pathos in Burckhardt's stance toward modernity. Once he abandoned Christianity, he never embraced another idea or faith with deep conviction. This has led the historian Wolfgang Hardtwig to describe him as an intellect trapped "between 'old Europe' and the modern world."[16] Matthew Arnold, Burckhardt's contemporary and fellow apostate, alluded to himself in a poem as "wandering between two worlds, one dead, / the other powerless to be born." This too was Burckhardt's path.

Yet Burckhardt's legacy speaks strongly to us on the cusp of the twenty-first century. His residual adherence to a Christian conception of evil furnished him with a realistic appraisal of human nature and allowed him to glimpse the potential shortcomings of an unfettered faith in modernity. Especially prophetic was Burckhardt's conviction that the modern nation-state, because of its increased powers, had the capacity for hitherto unimaginable terrors. Writing during the height of Nazi brutality, the American theologian Reinhold Niebuhr thus praised Burckhardt's prescience:

> No one predicted the modern totalitarian state more accurately. . . . He believed that modern tyrants would use methods which even the most terrible despots of the past would not have had the heart to use. . . . Burckhardt even predicted fairly accurately to what degree liberal culture in totalitarian countries would capitulate to tyranny through failure to understand the enemy.[17]

Similarly, Karl Barth and other neo-orthodox theologians have hailed Burckhardt as a voice of social realism in a period adrift in nationalism, state expansionism, and facile intellectual idealisms.

To be sure, the idea of an innately flawed self has been one of the most unpopular and consciously rejected aspects of Christian theology in modern times. There is indeed something profoundly disturbing and paradoxical about a doctrinal position that regards evil and sin as inevitable but also holds human beings responsible for actions prompted by their ineluctable state. Nonetheless, the case of Burckhardt aptly demonstrates that moral and political judgments that approximate such a view often prove more enduring than those that do not.

Anticipating neo-orthodox trends in theology and neo-conservative trends in political theory, Burckhardt's thought provided (and still provides) a powerful critique of many typically modern ideological excesses (totalitarianism, scientism, progressivism). Burckhardtian realism offers insight into the complexity, pettiness, and self-interest that regrettably characterize the human condition. Burckhardt recognized that professions of ideals (for example "progress", "the nation", "Absolute Spirit", "science", "equality") frequently conceal more limited selfish interests, and that the expressed pursuit of justice may mask a ruthless exercise of power. Attentiveness to the factions and forces in both the intellectual and political spheres, and a mindfulness of the potentially disastrous unintended consequences of even the best moral aspirations, comprise the central feature of Burckhardt's misgivings about modernity.

Burckhardtian realism stands against the mistaken notion that devoting oneself exclusively to determining and proclaiming "the right thing to do" can produce sufficient political resolutions. This notion, in fact, is actually more likely to render one powerless in the actual course of events, and it may—in the event that the proclamation is widely heeded—prove horribly destructive, abolishing the necessary balance of powers and unleashing potent fanaticisms. The effective

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[16]Wolfgang Hardwig, *Geschichtsschreibung zwischen Alteuropa und moderner Welt: Jacob Burckhardt in seiner Zeit* (Göttingen: Vandenhoeck & Ruprecht, 1974).

[17]Reinhold Niebuhr, "The Historian as Prophet", *The Nation* (April 1943), p. 530.

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resolution of conflicts will take into consideration the ever-shifting equilibrium of power interests and regard each solution as indeterminate and provisional; the creative work of moral inquiry and social analysis must always begin anew. Finally, since those who control moral and political discourse would be, in Burckhardt's view, most prone to mask interests and abuse power, honest assessments of situations would more likely be rendered by listening to those who had experienced injustice and repression—those outside and distrustful of political power.

NOTWITHSTANDING the irony of the prevailing postmodern attitude toward progress today, our historical situation in the late twentieth century bears a certain resemblance to the European one in the late nineteenth. When Burckhardt was in his fifties, Germany under the leadership of Bismarckian Prussia had achieved a decisive political hegemony in central Europe; Germany held a place on the continent similar in many ways to America's place in the world today. Germany's political systems and cultural sensibilities were proclaimed by many (often Hegelian-influenced) nationalist intellectuals as the inevitable outworking of world history—indeed as the necessary fulfillment of a providential design. As the Great War and the totalitarian nightmare readied themselves for the historical stage, the future of Europe seemed to many a divinely sanctioned expanse of material and political achievement with Germany at the helm.

History did not end in Burckhardt's time, nor—as Francis Fukuyama's critics have reminded him—shall it end in ours. As Burckhardt might simply comment to the neo-Hegelian Fukuyama: "The impulse to great periodical changes is rooted in human nature."

Finally, Burckhardt's anti-modernism is relevant to our "postmodern condition." While one does well to eschew the extreme relativism and irony of postmodernism, we must also recognize that the current moment, for all its shortcomings, has fostered a healthy recognition of the limits and indeterminacy of human thought, action, and language. It is no accident that Burckhardt's Augustinian sensibilities are mistaken as proto-postmodern ones by theologically unsophisticated contemporary critics. This case of mistaken identity suggests that certain aspects of postmodernism may hold much in common with a more traditional, religion-based anthropology and epistemology. While orthodox religiosity and postmodernism are certainly far from soulmates, the current tendency toward wholesale dismissal of postmodernism among both pious and non-pious conservatives may not, in the final analysis, reflect judicious insight. Rather, perhaps it only represents a conditioned negative response to novelty. Yet as St. Augustine reminds us in his famous reply to Tertullian, one often must take from the spoils of Egypt, yet put them to better use. □

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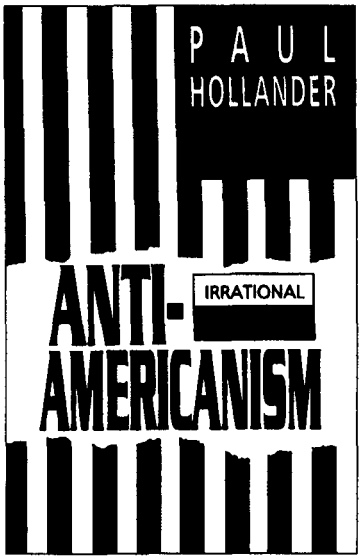

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Hassner's Bad Bad Review

Samuel P. Huntington

THE TERMS "good" and "bad" when applied to reviews have two very different meanings. Meaning One refers to the judgment of the review, whether it is favorable or unfavorable to the object reviewed. Meaning Two refers to the quality of the review, that is, whether the review is reasoned, accurate, informed with respect to the object reviewed, or whether it is simpleminded, superficial, irrelevant, or inaccurate. A good, that is, favorable, review may be a bad review in terms of quality, and a bad, that is, unfavorable, review may be a good review in terms of quality.

In the last issue of *The National Interest*, Pierre Hassner wrote a doubly bad review of my book, *The Clash of Civilizations and the Remaking of World Order*. In terms of Meaning One, it is highly unfavorable, which is his right to be.[1] It is also outrageously bad in the Meaning Two sense because it is a mixture of disingenuousness, inaccuracy, misrepresentation, and calumny.

The review raises serious issues concerning Hassner's professional standards. In December 1995 Hassner presented a paper, "Conflit des civilisations ou dialectique de la modernité?", to a conference in Paris. This paper was then published in the April 1996 issue of the French journal *Défense Nationale*. Hassner's review of my book in the Winter 1996/97 issue of *The National Interest* is an extension of that 1995 paper. Paragraphs, sentences, and even references (for example, to Weber's "disenchantment of the world", Freud's "narcissism of small differences") in the paper reappear verbatim in the review. Most importantly, the review also reproduces all the major arguments of the paper and Hassner himself has privately called it an "elaboration" of what he had written previously. This duplication raises two problems.

First, self-plagiarization is a recognized phenomenon in scholarly writing. We all have written pieces that incorporate text we have published previously. The general principle concerning this practice is that an author should inform the publisher of the

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[1]It is, however, interesting to note that the same issue of *The National Interest*, in addition to carrying Wang Gungwu's insightful review of *The Clash*, also coincidentally has five articles supporting propositions advanced in *The Clash*: Peter Berger on the displacement of secularism by religion in today's world; Charles Horner on how Japan will deal with the U.S.-China conflict; Robert Pease on the rise of Mandarin as the *lingua franca* of East Asia; Jeffrey Gedmin on why NATO expansion makes sense; and Andrew Mango on the growing role of Islamism in Turkey.

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duplicated material, who may have a moral or legal obligation to secure permission from the original publisher, and inform his readers, who have a right to know that he uses text that has been available elsewhere earlier. Hassner, however, informed neither the editors nor the readers of *The National Interest* that he was reprinting material which was part of another paper prepared for another occasion and published in another journal. Second, by not informing anyone what he was up to, Hassner, of course, avoided awkward questions about the authenticity of his review. His paper was written in December 1995; I finished writing *The Clash* in July 1996. Hassner thus formed his judgment of my book and then presented to the readers of *The National Interest* as a review of my book text and arguments he had formulated before he had read the book.

HAVING pre-formed his opinions of *The Clash*, it is not surprising that Hassner's review is replete with factual inaccuracies. His errors are not limited to his comments on this book. He also discusses some of my previous writings, as he did in his 1995 paper, and he is no more accurate about them than he is about *The Clash*.

Referring to my 1968 book, *Political Order in Changing Societies*, Hassner says that my analysis "led" me "to predict a bright future for Leninist parties—as opposed to individual dictatorships—in the Middle East." This is a totally false statement. Nowhere in the book is that argument made. The section on "Leninism and Political Development" contains no mention of the Middle East. Individual Middle Eastern regimes are discussed elsewhere in the book, but always either as examples of military-based praetorian regimes or to illustrate the problems faced by "modernizing monarchs" who by attempting to develop their country undermine their own legitimacy (a fate suffered by the Libyan and Iranian monarchies in the decade after the book was published).

Similarly, he refers to an argument that I advanced in 1983 (he says it was "in the 1970s"—he is again careless about facts) in favor of a NATO strategy combining defenses against nuclear attack with the threat of conventional retaliation into Eastern Europe if the Soviets invaded Western Europe. He says these proposals "could never be taken seriously due to their lack of economic and psychological realism." He is very wrong. The development of strategic defenses was, of course, taken very seriously by the Reagan and Bush administrations and was a key component of their defense program. Movement to a conventional offensive strategy was reflected in the U.S. Army's "Air/Land Battle" doctrine, the U.S. Navy's Maritime Strategy, and in the declarations of American and European defense officials on the need, in the event of war, to launch prompt offensive action against Warsaw Pact territory. And what does Hassner mean when he says such a strategy would lack "economic and psychological realism?" War games showed, and U.S. military officials concluded, that a conventional offensive strategy would probably be less expensive than a linear defensive strategy. And if Hassner's psychological reference is to the East Europeans, surely the events of 1989 demonstrated that NATO tanks in the streets of Leipzig, Prague, and Warsaw would have been welcomed exactly as Parisians welcomed Allied tanks in 1944. Hassner may or may not have liked this strategy in the 1980s and may not like it now, but it certainly did not lack "realism."

Hassner also refers in derogatory fashion to my 1968 article on "The Bases of Accommodation" in Vietnam as being "about the urbanizing, and hence modernizing, effects of the U.S. bombing and strategic hamlets policies in the Vietnam War." The strategic hamlets policy, however, had nothing to do with urbanization; the bombing, the shelling, and the war-generated prosperity of the cities did. While in Vietnam in 1967 on a study mission for the State Department, I collected the facts on urbanization and made them public for the first time in this article. Hassner, however, apparently believes this was the wrong thing to do.

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Hassner is equally inaccurate with respect to the book he is reviewing. "Germans are said", he alleges, "to welcome Polish immigrants but not Muslims." No such statement appears anywhere in the book. Because I argue that Russia should be responsible for maintaining order within the Orthodox world, Hassner says I favor "leaving it [Russia] in control of the Balkans." False again. The Balkans, as the book emphasizes and as should be obvious to Hassner, contain several civilizations and, as I make clear, are a prime example of an area where the conditions of order must be negotiated among the core states of those civilizations.

Hassner quotes *The Clash* ten times in his review. Five of his alleged quotations are misquotations—the text in the review does not correspond with the text in the book. Some of these misquotations are serious, some are not; all reflect Hassner's rather cavalier disdain for accuracy. Again, we all may occasionally inadvertently misquote a source. But to do this fifty percent of the time? That is a bit much. In one egregious case, Hassner quotes me as saying: "Multiculturalism at home threatens the United States and the West; internationalism abroad threatens the West and the world." The actual statement is: "Multiculturalism at home threatens the United States and the West; universalism abroad threatens the West and the world" (*The Clash*, p. 318). Hassner's replacement of "universalism" with "internationalism" totally changes the meaning of this passage.

Hassner not only has great trouble getting his facts right, he also objects when I get mine right. He labels as "incredibly one-sided and inflammatory" the following alleged three quotations from the book:

"The West's problem is not Islamism but Islam."

"People in Lebanon, the former Yugoslavia and the subcontinent slaughter each other because they believe in different gods."

"Islam's bloody borders."

The first passage quoted above actually reads in full as follows:

> The underlying problem for the West is not Islamic fundamentalism. It is Islam, a different civilization whose people are convinced of the superiority of their culture and are obsessed with the inferiority of their power. The problem for Islam is not the CIA or the U.S. Department of Defense. It is the West, a different civilization whose people are convinced of the universality of their culture and believe that their superior, if declining, power imposes on them the obligation to extend that culture throughout the world. These are the basic ingredients that fuel conflict between Islam and the West [pp. 217-18].

The second text he quotes actually reads:

> To a very large degree, the major civilizations in human history have been closely identified with the world's great religions; and people who share ethnicity and language but differ in religion may slaughter each other, as happened in Lebanon, the former Yugoslavia, and the Subcontinent [p. 42].

It is hard to see what is inflammatory or one-sided about either of these statements. The off and on-again conflict between Islam and the West has existed for centuries, and surely religion has been at the root of much violence throughout human history, and, as Hassner points out, still is in Northern Ireland.

Similarly, the phrase "Islam's bloody borders" refers to a political and sociological fact fully supported in the book by statistical data from several impartial sources. The data also show that Islam's interior is bloody: In today's world Muslims fight each other more often than people in other civilizations fight each other. Instead of denouncing these unchallengeable facts as "one-sided and inflammatory", Hassner might have reviewed and evaluated my analysis of the possible reasons for this contemporary propensity to vio-

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lence among Muslims. But he is not interested in that. Hassner appears to believe that scholars should veil or sugarcoat the truth, and if facts may be unpleasant to some people, they should be messaged and sanitized into politically correct form.

HASSNER ALSO regularly misrepresents arguments advanced in *The Clash*. He repeatedly says, for instance, that I assume "the closed and conflictual character" of civilizations and believe them to be "permanent." Wrong again. Witness *The Clash:*

> Civilizations have no clear-cut boundaries and no precise beginnings and endings. People can and do redefine their identities and, as a result, the composition and shapes of civilizations change over time. The cultures of peoples interact and overlap. The extent to which the cultures of civilizations resemble or differ from each other also varies considerably. . . . While civilizations endure, they also evolve. They are dynamic; they rise and fall; they merge and divide; and as any student of history knows, they also disappear and are buried in the sands of time [p. 43-4].

Hassner attempts to criticize my concern with intercivilizational clashes by citing the ongoing conflicts within civilizations. Yet I explicitly state that "Tribal wars and ethnic conflicts will occur within civilizations" (p. 28), and present data demonstrating their increasing frequency (p. 254-5). This point is not at all in conflict with my argument stressing the escalation potential of intercivilizational conflicts compared to intracivilizational ones. Hassner totally fails to note that I adopt the arguments of most scholars of civilizations that they evolve through "times of troubles" and periods of "warring states" into a "universal state" for that civilization and then may repeat that process. Islam is clearly in a warring states phase, its last even semi-universal state having disappeared with the Ottoman Empire. The West, on the other hand, went through a long warring states period but now has evolved into two semi-universal states in Europe and North America, with war between Western states virtually unthinkable.

Hassner accuses me of "cultural determinism", argues that my "new enthusiasm for the cultural dimension" leads me "to underestimate and underplay its continuing interaction with the economic and political aspects", and claims that "technological, economic, and social change" are "strangely absent" from the book. Obviously a major point of *The Clash* is the importance of culture in shaping international affinities and antagonisms. I would like to think that one of the book's contributions to the study of international relations is to call attention to the importance of the cultural variable. But cultural determinism? Neglect of social, economic, and political variables? Hardly. As Wang Gungwu points out in his *National Interest* review of *The Clash*, I deal with a "complex array of variables" in analyzing "the new world of civilizational conflict." Hassner himself admits that one of "two pillars" of *The Clash* is that, in his words, "China's economic power and the demographic growth of Muslim peoples together create a formidable challenge to the existing international system." This hardly squares with his charge that I neglect economic and social change.

A major theme of the book (epitomized in a diagram on p. 76) is that social and economic modernization is enhancing the power of non-Western societies and generating alienation and identity crises among their peoples, which, in turn, lead to the resurgence of indigenous cultures and religions:

> The most obvious, most salient, and most powerful cause of the global religious resurgence is precisely what was supposed to cause the death of religion: the processes of social, economic, and cultural modernization that swept across the world in the second half of the twentieth century [p. 97].

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Nor are politics and power neglected. "The distribution of cultures in the world reflects the distribution of power. Trade may or may not follow the flag, but culture almost always follows power" (p. 91). Are those the words of a "cultural determinist"? Similarly, twice in the book (pp. 129-30, 208) I emphasize that conflicts in a world of civilizations will continue to have their origins in those factors "which have always generated conflict between groups: control of people, territory, wealth, and resources, and relative power" (p. 129).

"Huntington", Hassner argues, "has imagined a revised 'billiard ball' model of international relations based on civilizations instead of nations, with civilizations . . . having, evidently, as little as possible to do with each other." What total nonsense. The central argument of *The Clash* is that we are moving into a multipolar, multicivilizational world of "intense, sustained, and multidirectional interactions among all civilizations" (p. 53). Or again :

> In today's world, improvements in transportation and communication have produced more frequent, more intense, more symmetrical, and more inclusive interactions among people of different civilizations. As a result, their civilizational identities become increasingly salient [p. 129].

When Hassner does not misrepresent my arguments by ignoring them or caricaturing them, he misrepresents them by paraphrasing them, that is, by setting forth as criticisms propositions I advance in the book.

> But what is most characteristic of the search for identity and community is the multiplicity of its levels: the family, the tribe, the nation, and the sect are at least as lively and conflictual as the great religions, let alone the great civilizations that they have spawned.

That's Hassner criticizing Huntington.

> People define themselves in terms of ancestry, religion, language, history, values, customs, and institutions. They identify with cultural groups: tribes, ethnic groups, religious communities, nations, and, at the broadest level, civilizations. . . . People have levels of identity: a resident of Rome may define himself with varying degrees of intensity as a Roman, an Italian, a Catholic, a Christian, a European, a Westerner.

That's Huntington (pp. 21, 43).

Again, Hassner seems to think he is criticizing the book when he says that "Fundamentalism is an essentially modern and reactive phenomenon directed against the West. . . . a reaction to secularization." That, however, is precisely the argument set forth in chapters three and four.

> The movements for religious revival are antisecular, antiuniversal, and, except in their Christian manifestations, anti-Western. . . . By and large they do not reject urbanization, industrialization, development, capitalism, science, and technology, and what these imply for the organization of society [p. 100].

Also in a critical vein, he says: "Trade conflicts between the United States and Japan are signs of a clash of civilizations—but what are those between the United States and the European Community?" If he would look at pp. 221-9, he would find an extensive discussion of why U.S. trade conflicts with Japan are rooted in cultural and social differences, not just economic ones as with Europe, and hence have not been resolvable in the way U.S.-European trade conflicts have been.

FINALLY, let me address two comments Hassner makes about me personally.

First, he alleges that somehow I have shifted my views and that while previously I supported the expansion of democracy and human rights to other societies I now do not. Again he has got it wrong. The two organizations in the United States that have as their central mission the promotion of democracy and human rights around the world are

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Freedom House and the National Endowment for Democracy. I am a director and contributor to the former and have been and currently am actively participating in the work of the latter. I believe the United States and the West should attempt to promote human rights and democracy in other societies, but I do not think it is desirable to do this by military force and I do believe it is essential to recognize the difficulties of promoting democracy in poor societies with cultures very different from that of the West.

Second, toward the close of his review Hassner descends to personal vilification through the tactic of suggesting something by denying it. Following a reference to "inhumane and unrealistic ethnic cleansing", he says: "Nobody would accuse Huntington of being a friend of, or an apologist for, Slobodan Milošević or Jean-Marie Le Pen." Of course, nobody would do that, but Hassner cannot resist suggesting the possibility of doing so. This is a particularly slimy form of personal attack.

Hassner ends his review with the same words with which he ended his 1995 paper, the cute admonition: "Play it again, Sam!" The lack of candor, inaccuracy, misrepresentation, and, in the end, calumny in his review demand a serious response: next time, "Play it straight, Pierre!" □

A Gift to the Xenophobic?

Klaus Hänsch, the president of the European parliament, has rightly said about EMU: "There's nothing comparable. Not the Treaty of Rome, not the single market. This is totally different to anything that has happened before because it will have a direct, tangible impact on every individual citizen."

The arrival of the single currency will also require a loosening of national control over vital economic decisions. Hitherto—I know from my time as a European commissioner—EU decision making has been both very slow and highly political. A great deal is still done by consensus and by bringing people along at their own pace (known as "derogations"). But you cannot have that in the conduct of monetary policy. A European central bank must be able to act quickly and decisively, and its decisions must be implemented through the jurisdiction to which they apply. What is more, the decisions of the central bank are bound to have a *differential* impact on jobs and profits and even on the existence of individual companies in the participating states.

One of the functions of an independent central bank, whether it is the Bundesbank, the Federal Reserve or the Reserve Bank of New Zealand, is to act as a scapegoat. . . . But it is one thing when the central bankers are "our" central bankers; it is quite another when they are foreigners sitting in another country. Unpopular economic decisions will become a gift to every xenophobic and chauvinistic politician in Europe. . . . What will happen when the blame for the level of unemployment in France and the hardships that the French have to put up with are attached no longer to French institutions and French politicians, but to a European body outside French frontiers? . . .

In most EU countries people are simply not used to unpopular things being done in the name of Europe. We are entering on to new and possibly unstable terrain and we must tread carefully.

—Christopher Tugendhat, a former European commissioner, in *Prospect* (January 1997)

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Nothing Funny About Germany

Anne Applebaum

Jane Kramer, *The Politics of Memory: Looking for Germany in the New Germany* (New York: Random House, 1994), 293 pp., $27.50.

SEVERAL YEARS AGO, my husband and I were unexpectedly offered the chance to spend a weekend in a famous and rather isolated hotel on the island of Madeira. Within a few hours of our arrival, we realized that the only other inhabitants of the famous hotel below retirement age were a German couple from Hamburg. Thrown together by chance, we dined four nights running with two people whom we would otherwise never have met.

He was a miller—that is to say, he owned and ran a factory that produced flour. His wife was plump and beringed and bejeweled: my husband privately nicknamed her Miss Piggy. Extremely hospitable, expensively dressed, intelligent without being intellectual and in their late thirties, they regaled us with stories of provincial German social life, of the activities of the local branch of the Christian Democratic Party, and, most of all, of the world of the *Mittelstand*, the medium-sized businesses which create most of Germany's wealth. He described the manner in which the bakers and millers in his part of Germany ran an effective cartel, dividing the market up between them; she explained the advantages and disadvantages of life in various Hamburg suburbs. They were fervently in favor of the European Union and NATO, staunchly opposed to German troops being sent abroad, indifferent toward Eastern Europe—including Eastern Germany—and felt deeply embarrassed when my husband, who is Polish, spoke about the war.

It may seem odd to mention this particular couple at the beginning of a review of a somber, elegant book about Germany, entitled *The Politics of Memory*: after all, they showed no interest whatsoever in the politics of memory, and were neither somber nor elegant. They were interested in hard work, their new Porsche, and Helmut Kohl; they stayed far away from neo-Nazi skinheads, arguments about war monuments, Berlin, and anything else that smacked of revanchism or obsession with Germany's past.

Nevertheless, I think it is important to describe them, because otherwise it is difficult to place in context the material contained within this book, a collection of Jane Kramer's articles about Germany reprinted from *The New Yorker*. Like most Americans—and most non-Germans—who set out to understand Germany, Kramer is obsessed with Germany's past, and with Germany's attitude to Germany's past, almost to the exclusion of everything else that happens in Germany. She is not particularly interested in the lives led by the wives of flour millers in Hamburg, but prefers (it is clear from the acknowledgments in this book) to surround herself, when in Germany, with the relatively small minority of mostly left-wing German intellectuals who feel the same way as she: the minority who discuss German identity, write books and articles about German identity, think constantly about German identity. That is no surprise either—four dinners with the flour miller and his wife was plenty, and I can quite see that no one would want to write a book about them.

But left-wing German intellectuals do not speak for all of Germany, and the interests and concerns of left-wing German intellectuals do

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not represent the interests and concerns of all Germans. Nor do the people and subjects of this book—Berlin intellectuals in black jeans and wire-rimmed glasses, East German dissidents, pop musicians, skinheads, radical artists—seem very similar to most Germans. To her credit, Kramer acknowledges that her interests present a skewed picture, that she herself has been infected by the obsessions of her friends. In her introduction, she describes a reading she gave at the Hamburg Literaturhaus, where she read aloud from selections of her work, not only from Germany but also France and Italy. For the latter two countries, she chose light, amusing stories; her German work is naturally "heavier." At the end, a man raised his hand. "In a rather discouraged voice", he asked her, "'Why don't you ever write something funny, something like that, about Germany?'" Kramer writes that "It's a question I have been asking myself since then, but I can't pretend to have an answer."

This is not to say that what Kramer produces is dull. On the contrary: although the stories she chooses to write are not light or funny, they do focus on those aspects of German life that are undoubtedly the most interesting. Her best tale is probably her first: the story of Hartmut Bitomsky, a sixties-era radical who opens a restaurant with famously good food called Maxwell, in Kreuzberg, a part of Berlin mostly inhabited by nineties-era radicals. One subset of the nineties-era radicals—the anarchist squatters, a peculiarly Berlin phenomenon known as the *Autonomen*—determines that Maxwell is too genteel, too expensive for Kreuzberg, too attractive to well-heeled visitors from other parts of Berlin. Beginning with threats, graduating to a bit of window smashing and a "people's trial", they finally enter Maxwell with buckets of shit and empty them all over the floor. Hartmut Bitomsky closes his restaurant and moves away.

Kramer does not end the story there, however. She goes on to interview Strumpf, Bitomsky's successor, and proceeds to dissect the delicate code which makes Strumpf's restaurant acceptable to the *Autonomen* where Maxwell was not. Strumpf opens his restaurant for breakfast, offering a "Day After" (two aspirin and a cup of coffee) as well as an "Existentialist" (Gitanes and coffee). He serves deliberately bad food, encourages leather-clad punks to hang around all day drinking weak coffee, and closes the restaurant on May Day, the day the *Autonomen* like to riot with the police. Yuppies no longer come for dinner. Strumpf has worked out the code, and the *Autonomen* accept his restaurant.

Kramer's thesis, by the end of this story, is clear. She sees the incident as an omen, a reflection of what the "new"—reunited, newly self-confident—Germany might become. No one in power really comes to the defense of Hartmut Bitomsky; everyone appears to be slightly afraid of the *Autonomen*. In her introduction, Kramer says that this story is "really a story about a new fascism, about the first stirrings of that fascism, in people whom we would now call skinheads but who were posing then, even to themselves, as something radical and revolutionary and free." The story is indeed creepy; Kramer has made her point.

She goes on to elaborate upon that point elsewhere in the book. In each story, she has picked up another aspect of the "new" Germany. She describes an almost ludicrous argument about a project, spearheaded by a talk show hostess, to build a memorial to the Jewish Holocaust in Berlin—an argument that degenerates into a somewhat sinister fight about the "correct" way to interpret Germany's history. She describes another creepily conformist "scene": the East German painters and poets in Prenzlauer Berg, who are tormented by the fact that one of the most famous of their number turns out to have been a Stasi spy—and further tormented by the fact that it appears, years afterwards, as if their underground presses and galleries were in fact funded by the Stasi itself.

Kramer also devotes a chapter to the story of one particularly passive, peculiarly unappealing East German, Peter Schmidt, who appears to have been robbed of the will to live, to work, to think for himself by the East German com-

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munist state. East Germany, she writes, "trying to teach Peter about what he was—trying to produce a worker for a workers' state, someone not too smart, not too skeptical, someone cooperative—had neglected to teach him anything about who he was, or how to get to be himself." All of these stories are well told, extensively researched—other reporters must envy Kramer the time she appears to have been allowed to spend on each one of them—and have a brilliantly crafted, almost ambivalent tone. Kramer does not make her points by shouting them: she describes each situation in a way designed to make the reader come to the final conclusion himself.

BUT IF THE quality of the writing is unquestionably high, it was difficult, while reading *The Politics of Memory*, to feel wholly convinced about the main thesis. In particular, my mind kept turning back to the Hamburg couple: Was this the world they lived in? Was this their Germany, this world of Stasi spies and *Autonomen*? Was their Germany also a world of incipient fascism, newly confident aggression, and falsified history?

I don't think so, and I don't think it's the world of dozens of other Germans I have met either. Step back a moment from Berlin and the skinheads, and look at Germany as a whole. Here is a nation that has been resolutely peaceful, and virtually disarmed, for half a century. Here is a nation that has, at least since the 1960s, discussed its Nazi past with a thoroughness far beyond anything found in any other nation that participated in the Holocaust—there is almost nothing like the German discussion of the Holocaust anywhere else in Europe, certainly not in Austria, not in Hungary, not in France. Here is a nation whose one xenophobic political party, the Republikaner, has failed to make any headway in recent elections, something which cannot be said of France or Austria, where xenophobic parties, both led by men who are actually Holocaust revisionists, are doing extremely well.

Here is also a nation whose western half has had one of the most successful democracies in Western Europe for the past half century, whose eastern half has been incorporated into that democracy with an almost unbelievable speed and smoothness. Kramer, at one point, almost sympathizes with Peter Schmidt's criticism of his mother for voting for the Christian Democrats, a "West" party, and often seems to side with the argument, frequently heard in leftish circles in Germany, that the East somehow "sold out" to West German politics, and failed to create something "new" for itself. But look at it from another angle: Is it not little short of amazing that a woman like Hannelore Schmidt, who lived all of her life in East Germany, could even conceive an enthusiasm for a politician so robustly democratic and capitalist as Helmut Kohl?

Kohl himself is clearly not to Kramer's taste, and no wonder. He isn't interesting in the way that a deconstructionist East German poet is interesting: He is truly a politician of what is already being called the "Bonn Republic", the postwar German federal state, as opposed to the "Berlin Republic" now taking shape. But it was precisely Kohl's bull-headedness and lack of grace, Kohl's willingness to "buy" East Germany from Gorbachev right at the only moment when it was possible, that made the reunification of Germany possible. Another, more sensitive man would have dithered and worried about the implications, which were and are immense. But Kohl succeeded, in the same way that the Bonn Republic succeeded: through stolidness, hard work, and the refusal to spend too much time on extraneous thought.

The same can be said of Kohl's frequently stated desire to emphasize the "positive" in Germany's past, to find things for Germany to be proud of. That is not a desire designed to appeal to Kramer or to her German friends. But reading her chapter on skinheads, I began to wonder whether there might not be a case for a positive form of German nationalism. Unless there is something for young Germans to be proud of, their reaction against the German establishment might get even worse. After all, other nations are allowed shows of patriotism, and a bit of flag-waving now and then. Certainly Americans allow themselves to indulge in it without ever thinking of themselves as "nationalist" or "fascist." With

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his plodding realism, Kohl appears to have grasped that as well.

Kramer also focuses on the less appealing side of reunification. But here her work, completed in November 1991, is already somewhat out of date. She was right, at the time, to focus on the many mistakes that were made during the reunification process: many West German companies were greedy, many East German companies were unnecessarily dismantled, many unsavory deals were made with unsavory people, the culture of the East, such as it was, was overwhelmed by bananas, McDonalds, and billboards.

But in comparison to the chaos and hardship that took place in many other countries escaping communism, East Germany already seems to have escaped relatively easily. By comparison even to Warsaw and Budapest, the speed with which things are changing in Berlin is spectacular. On my last visit to the city in December, tourists who once filed up a special tower to get a good view of the Wall were filing up another special tower to get the best view of what is now the largest building site in Europe. By comparison to Russia, where the crimes of the former communist state are still virtually a public secret, East Germany has also dealt very well with its spies and informers, opening its secret police files to everyone who wants to see them. By comparison to other countries, the whole process has been highly civilized. Kramer regrets the ongoing misunderstandings: the truth, she writes, "is that East and West Berlin may not have much to say to each other for a couple of generations." But it will take far more generations than that for Russians and Bulgarians to live in anything resembling a liberal Western culture, or for Poles and Hungarians to come to terms with communism, or for Slovaks to enjoy a democracy as healthy as that in eastern Germany.

The other question—and this too is one Kramer puts to herself—is how "German" these stories are. Anyone who has spent much time in Eastern Europe will recognize the story of Peter Schmidt, the passive East German. To me, he sounded exactly like two Russian-Jewish friends of mine who managed to wangle permission to emigrate to Germany, where they now sit, waiting for other people to help them. Anyone who has spent any time in an American university will recognize the story of the Berlin restaurant as a classic case of political correctness run wild. I too can remember my university colleagues making quite harsh and hurtful distinctions between one another based on clothes and personal style. Indeed, anyone who has paid any attention to the news stories about the militia men in the United States ought to recognize Kramer's skinheads. After all, German skinheads get their neo-Nazi literature from the United States. We are the country that is the largest producer of such material: Who are we to point fingers at Germany?

German reviewers of *The Politics of Memory* have judged it rather harshly: the review in *Frankfurter Allgemeine Zeitung* was entitled "Landing at Tegelhof", poking fun at the name Kramer—or, one hopes, her copy editor—gives the Berlin airport (there are in fact three Berlin airports, including Tegel and Tempelhof). The reviewer concluded that the book seemed like an interesting account of a place to which he had never been. I would put it differently: a book that relies on chic leftish intellectuals for analysis, and chooses Berlin artists and skinheads for its subject matter, is no more representative of Germany than a book about Harlem ghettos, as explained by left-wing sociologists, would be representative of the United States. But perhaps it doesn't matter. There are many Germans who would argue the same things as she: there are many Germans who also worry about Germany slipping, once again, into a new form of fascism. One doesn't have to agree to find the argument interesting. The best sort of journalism is the journalism that makes the debates and discussions of other countries seem relevant to us, and *The Politics of Memory* succeeds brilliantly in doing that. □

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Suddenly and Peacefully

Anders Åslund

Michael Dobbs, *Down With Big Brother: The Fall of the Soviet Empire* (New York: Alfred A. Knopf, 1997), 503 pp., $30.00.

FIVE YEARS HAVE passed since the end of the Soviet Union, and an amazing amount of new information has surfaced. Gone is Churchill's "enigma wrapped in a mystery." Russia's media and many of its archives, along with its borders, have opened. It seems that virtually every Soviet leader involved in the collapse of the USSR has published memoirs—from Mikhail Gorbachev and Boris Yeltsin to hardliners Yegor Ligachev and Valentin Pavlov. Among them, Gorbachev aides Anatoly Chernyayev, Valery Boldin, and Andrei Grachev have written the most substantial and informative accounts. As this generation of politicians was retired simultaneously, they have had a lot of time to think and write. Their versions can thus be compared to a large volume of published official materials.

In a masterly book about the collapse of Soviet communism, Michael Dobbs has made good and judicious use of all these Russian sources, as well as others in Polish, German, French, and English. In addition, he has had substantial access to unpublished Politburo minutes, and has interviewed most of the key actors of the regime's last years.

Dobbs is well qualified for the task. He worked in Moscow from 1988 to 1993 as the *Washington Post*'s bureau chief. Before that he had been in Poland during the Solidarity period in 1980-81, and in various other communist countries from time to time. His scope extends not only to Russia but to the array of countries under the blanket of Soviet communism. This is probably the best researched book on the demise of the Soviet Empire to date. And as well as the research, Dobbs has an eminent sense of what is most credible—which is to say that, unlike so many Sovietologists, he has no old axes to grind. It is a relief not to be fed stories about what Soviet communism, after all, accomplished.

Structured chronologically, the book tells its dramatic story in a direct and lively way. But it also offers us a substantial explanation of why Soviet communism collapsed. In light of today's knowledge about the systemic defects of the Soviet Empire, it is difficult to understand how the communist system was ever considered viable. Stating the seemingly self-evident, Dobbs attributes the fall to inefficiency: "In the long run the collapse of Soviet communism was inevitable for the simple reason that it was too top-heavy a structure to bear its own weight." But the author properly reminds us that "there was nothing inevitable about the timing of the collapse or the manner in which it occurred. . . . By seeking to reinvigorate the Communist system, Gorbachev succeeded in destroying it."

What Gorbachev faced in his efforts toward modernization and reform was an entrenched system utterly incapable of reshaping itself without drastic consequences. Although Soviet communism provided a stability that many found attractive, its weakness lay in its inflexibility, its omnipresence in daily life, and its inability to reform. The Party's dogmas were cut in stone. Centralization was extreme, and so was isolation from the outside world. The dictatorship had stifled all aspects of civil society, allowing for only a very limited private sphere. Both economically and politically the system had ossified.

Despite these weaknesses, few predicted

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that its downfall would come so swiftly. The most prophetic work was Andrei Amalrik's monograph, *Will the Soviet Union Survive Until 1984?* (Harper & Row, 1970) which appeared during the early period of Brezhnevian stagnation. To have missed the date of collapse by only seven years is impressive. Amalrik saw that the petrification and rigidity of the system, and in particular the selection of leaders on the basis of obedience rather than a willingness to innovate, would eventually lead it to internal decay and a decreased ability to compete with its rivals.

In hindsight, the surprise is not that the communist system collapsed, but that it lasted for so long. The main explanation for this is that the USSR possessed abundant natural resources—though by compensating for gross inefficiency and making it possible to delay reform, in the long run these resources turned out to be a curse rather than a blessing. Another reason was that as long as Soviet citizens were cut off from the rest of the world, they did not know how badly off they were in comparison to others. With his broad perspective of the communist world, Dobbs rejects Russian particularism as an explanation for the system's staying power. Today, the former members of the Soviet bloc constitute no less than twenty-eight countries, and their commonalities can hardly be explained by the peculiarities of any one of them, not even of the largest and most powerful.

But why did Soviet communism collapse *when* it did? Dobbs offers a sophisticated multi-causal argument, without singling out any one reason as dominant. As Leszek Kolakowski argued in the late 1970s, the crisis of an empire usually starts on the fringes. The ill-fated invasion of Afghanistan in late 1979 was the perfect illustration of poor Soviet decision making—a few old, ill-informed men making a fateful move on the basis of ancient prejudices. When the Soviet Union finally withdrew from that mess, it was in effect repudiating the Brezhnev Doctrine and accepting that socialism was reversible.

Another component of the collapse of the Soviet Empire was the economic crisis that became apparent in 1979, as Soviet output stagnated. The immediate cause was the USSR's shortage of cheap raw materials, notably oil, but the underlying reason was that the centralized economy became ever more incapable of adjusting to the rise of technology and its application in the world market. With the regime's devastating censorship, the moribund economy simply refused to adjust to the information revolution. As Dobbs rightly says, "By the fall of 1979 the Soviet Union had become a sclerotic giant. Its bureaucratic arteries had shriveled and hardened." Yet in the United States, this economic crisis was played down as the CIA continued to argue that Soviet output was rising steadily, even if not quite as much as planned.

By this time, most of the main components that would lead to the collapse of the Soviet Empire were already present and active in Poland. The rise of Solidarity in 1980 stemmed from a revival of religious and nationalist sentiment, as well as popular unrest over the crisis of economic decline. The most insightful experts on the Soviet bloc started looking for similar tendencies in the USSR itself. Dobbs rightly pinpoints Zbigniew Brzezinski, the president's national security adviser at the time, as one of the people who really understood the larger implications of the Polish uprising for Soviet communism. He also highlights the role of Pope John Paul II in mobilizing Polish resistance.

President Ronald Reagan stands out in Dobbs' account as the grand visionary of the demise of Soviet communism. Reagan's speeches in 1982-83 on "the evil empire" and the approaching victory of capitalism over communism were truly prophetic. The Soviet Union was entering its death throes, and the way both to control and speed up the process was not by compromise but through firmness and an increased show of strength. The Strategic Defense Initiative became a key challenge to the USSR, and the Soviet leaders quickly realized their impotence in the face of it. Dobbs gives credit to the director of the CIA at the time, William Casey,

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while I would point to Richard Pipes as the key Soviet strategist in the Reagan White House. Pipes' article "Can the Soviet Union Reform?" (*Foreign Affairs*, Fall 1984) anticipated the Gorbachev policies to come.

Having scared the Soviet leaders into reform and serious arms control endeavors, Reagan demonstrated an additional and less expected strength. He was also prepared to enter into far-reaching disarmament agreements with Gorbachev. As a contrast to this wise combination of strength and conciliation, it is worth recalling the vociferous U.S. and European "peace" demonstrations in 1983 and 1984, which urged the United States to pursue arms control negotiations with the Andropov and Chernenko regimes that the Soviets themselves were clearly not taking seriously.

Before assuming leadership, Gorbachev made a programmatic speech, declaring that the USSR had to strengthen its economy in order to enter the next millennium as a mighty power. Gorbachev was counseled by the best and brightest of Soviet economists, but one problem was that the communist regime had forbidden them to learn economics. Gorbachev's economic policies reflected this gap in knowledge. At the outset of his term he agreed to raise military spending sharply for political and strategic reasons, and in doing so he badly strained the budget. Then, by embarking on a Stalinist anti-alcohol campaign, he unwittingly devastated public finances by removing an important source of tax revenue. These measures were followed by an equally ill-advised campaign against "unearned income" or the "black market", and the overall slogan was ironically entitled "economic acceleration." As a result of these initiatives, the budget deficit mushroomed. Meanwhile, prices remained state-controlled and increasing shortages devastated the economy. So regardless of his good intentions, Gorbachev's economic policies were truly disastrous. Their enduring positive effect was wholly unintentional: they destroyed the command economy.

One of Gorbachev's greatest achievements was that he introduced glasnost, or public openness. In its ambiguity, it was a typical Gorbachevian concept. Initially, many in the West saw it as a charade, but at the First Congress of People's Deputies, convened in May 1989, freedom of speech was effectively established. Gorbachev needed glasnost to check his officials, but the revelations that flowed from it left the communist system so exposed that it soon lost all legitimacy.

According to one view, Gorbachev's troubles stemmed from the fact that he introduced glasnost before reforming the economy; it is maintained that he should have followed the Chinese or East Asian path of giving priority to economic reform. Dobbs nicely debunks this myth of Gorbachev's error of judgment by emphasizing how dogmatic the Soviet communist leadership remained. While Chinese leaders were prepared to push far-reaching market economic reforms, Soviet leaders were not. In the USSR, democratization was a necessary precondition for the introduction of market reforms, for no other force could control the communist *apparatchiki*. Gorbachev understood that, but he did not realize that *any* efforts toward democratization would necessarily lead to full democracy. Cowardly, in early 1990 he stopped short of allowing a democratic ballot for his own presidential post, and I would nominate this as the moment when Gorbachev's fall became inevitable. Unlike Gorbachev, Boris Yeltsin, says Dobbs, "was the first Soviet politician to understand that power could come from the people rather than from the party."

GORBACHEV'S weakest understanding, undoubtedly, was in the crucial area of nationalities policies. Incredibly, he seems to have believed Soviet propaganda that the USSR's nationality problems had been solved. He appeared unable to understand that certain nations really want independence. By rejecting full democracy at the federal level, he inadvertently raised the legitimacy of national movements in the republics that sought democracy. The point

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of no return came with the Ukrainian referendum on independence held on December 1, 1991, in which almost 90 percent of the Ukrainians voted for independence. We can be grateful that Yeltsin acted so fast to forestall the evolution of a Yugoslav-style civil war in the former Soviet Union.

Hélène Carrère d'Encausse had long daringly predicted that the nationality issue would break the Soviet Union. However, her analysis had focused on high population growth in Central Asia, whereas the key problems turned out to be Ukraine and the small and demographically declining nations of the Baltics. In the end, national awareness, the existence of civil society, and the desire for democracy mattered more than population statistics.

Perhaps the greatest surprise of all in the last years was that the many prophesies that a speedy collapse would mean war turned out to be wrong. The end came suddenly and peacefully. Dobbs offers a key explanation that is often ignored: enterprising, well-connected individuals were preoccupied with making money, and "the greater the economic chaos and confusion, the greater the opportunities for personal enrichment." Many officials realized that they could transform their power into wealth, and that capitalism would bring even greater privileges and opportunities to get rich for the well-positioned. "There was a *fin de régime* atmosphere in the spring of 1991, and bureaucrats were lining up to jump ship before it was too late. . . . Why drive a Volga when you could be driving a Mercedes?" The concern today is that these old communists managed to extract large resources from the weak state, leading to vast income differentials.

Quite a few dogs did not bark. After the Polish uprising in 1980, much attention was focused on religion and the workers' movements. Yet in the collapse of the USSR, religion played a remarkably insignificant role. Similarly, only the coal miners' actions were of some relevance in Russia and Ukraine. While environmental issues played a political role early on, they soon lost most political significance.

Dobbs concludes his tale at the end of 1991. Those were the years of heroes with fundamental principles and long perspectives, notably Pope John Paul II, Andrei Sakharov, Lech Walesa, and Václav Havel. Boris Yeltsin and Ronald Reagan also figure as heroes, while Dobbs' picture of Gorbachev is complex and balanced. His initial successes were due to a supreme ability to compromise, but the crisis his actions created ultimately required hard choices, which he then largely refused to make. Ironically, Gorbachev succeeded in destroying communism because he wanted to reform it. □

Anders Åslund is senior associate at the Carnegie Endowment for International Peace. He is author of *Gorbachev's Struggle for Economic Reform* (Cornell University Press, 1989) and *How Russia Became a Market Economy* (Brookings Institution, 1995).

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James Lilley, Gerald Segal, Michael Schatzberg, Adam Ulam, Richard McCormack, Michael Mandelbaum

Engaging China:

ROBERT ZOELLICK has shown again in his article "China: What Engagement Should Mean" (Winter 1996/97) that he has good common sense, that he can analyze a complicated problem (Sino-U.S. relations) and can come up with a practical way of improving that relationship. He has reiterated many of the well-known verities about how Americans view China and has packaged these in a way that explains why we have gone wrong. If the Clinton administration had listened to him earlier, we might have avoided the foolishness of publicly linking China's human rights behavior to normal trading privileges. We might have dealt more sensibly with alleged Chinese infractions of proliferation of weapons of mass destruction and not disgraced ourselves by unilaterally chasing a Chinese ship all over the Indian Ocean with no results. What he has said is neither new nor profound but is clean, logical, and workable.

What is missing is how to deal with China if it will not cooperate, if its game plan differs from ours, and if its nationalism or Central Kingdom mentality prevails over its own pragmatists. This is the age old problem of China, and the tensions in the leadership transition accentuate this contradiction. Words, no matter how persuasive, will not at this stage convince the Chinese that our military/security relationship with the Japanese is defensive and benign. The Chinese military modernization, although no challenge to the United States now or in the foreseeable future, nevertheless reflects a mentality that must be reckoned with. Its obsession with sovereignty is a reality that could cause instability among its neighbors, especially if accompanied by a U.S. military drawdown and a Chinese build-up.

Zoellick is at his best when he writes about the Chinese economy, including his assessment that economic connections will over time broaden networks of a civil society and create a security balance for partnership and cooperation. I believe he is right, but I would take out more insurance in case he is not.

James Lilley
U.S. Ambassador to China 1989-91

ROBERT ZOELLICK is to be applauded for his hard-headed call for a consistent, steady, long-term policy toward China. He is right to argue that engagement of China without provision for constraint of unwanted action is not a policy. He is equally correct that such a policy will only work if it is constructed in cooperation with like-minded allies in Europe and Asia. But in finding ways to operationalize such a strategy he makes one mistake and skims the most difficult issues.

The mistake is to argue that China should be brought into the G-7. Yes, China is a great power, but we have the UN Security Council "perm five" format for discussions among great powers. The G-7 was intended to be a club of Western leaders and it is precisely the forum for that much-needed discussion of China without China.

But how are consenting but competing capitalist powers to resolve their differences about China? Zoellick is correct that we in the West have far more in common than in dispute when it comes to China. Nevertheless, we preemptively kow-tow to China and shy away from openly discussing the need for a common

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China policy because that is seen to be "containment." The necessary and powerful logic in Zoellick's argument is for us not to be afraid to have an open (for we are all democracies) debate about the essentials of a China policy. Damn the "containment" epithet—let us get on with public discussion about how to enmesh, manage, constrain, and yes, sometimes even contain China.

The biggest challenge will be selling such a debate (let alone a policy) in Asia. Many East Asians prefer to creep onto the Chinese bandwagon, although some would slip off if they were convinced that the West, Japan, Australia, Indonesia, and India were serious about the kind of long-term, sustained policy that Zoellick has in mind. As was the case in the battle for the hearts and minds of the "neutrals" in the Cold War, we can only win over the waverers if we are clear and consistent about our objectives. Let the open China debate begin. The longer we wait, the stronger China will be, and the more we will have convinced ourselves that we cannot do what Zoellick rightly says we must.

Gerald Segal
International Institute for Strategic Studies

Africa's Murderous Professors:

WHILE I LARGELY agree with Michael Chege's excellent and courageous essay on "Africa's Murderous Professors" (Winter 1996/97), please permit me to offer the following observations. First, Chege attributes much of the responsibility for the Rwandan genocide to "a carefully packaged and widely disseminated doctrine of ethnic hatred [which] played the major role." To be sure, some of the intellectual architects of this doctrine were prominent university professors. But as reprehensible and inexcusable as their role was, I suspect Chege attributes to them more power and influence than they actually had. Regrettably, politicians intent on murder and mayhem never lack for "intellectuals" to justify and promulgate their "catechism of madness", to use Chege's arresting phrase. Which comes first—the murderous professor or the murderous politician? My own preference, at least until we learn more about this case, is to place primary responsibility on the "genocidally inclined cabal" composed of the Akazu faction of the ruling Hutu political class whose actions and interests Chege does mention.

Second, Chege's analysis of the Rwandan horror omits mention of the role of various church establishments, both Catholic and Protestant. Not only did these institutions, ostensibly guardians and defenders of the population's moral integrity, fail to denounce the slaughter, but some clergy actively aided and abetted in the extermination of Tutsis and politically moderate Hutus by providing their names and hiding places to marauding Hutu militias. While individual prelates did, at times, display extraordinary courage, many church hierarchs and the institutions themselves were deeply implicated in the genocide.

Finally, although Chege is correct to raise a formal warning flag that Kenya may follow Rwanda, for the moment there remain significant differences between the two countries. Primary among these is that many Kenyan academicians and clergy continue to speak out against the excesses of the Moi regime, often at enormous personal cost. This alone indicates that Kenya's moral compass is not as badly skewed as Rwanda's. In this catechism of protest there may be grounds for hope.

Michael Schatzberg
University of Wisconsin at Madison

Chege replies:

PROFESSOR SCHATZBERG is rightly puzzled by the chicken-and-egg question of which comes first: the political organizers of mass liquidation or their intellectual apologists who proselytize the dangerous propaganda that animates the killers. Obviously, the leaders take the lead—as they did in Rwanda—but we should never ignore

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the fact that in charting the high road to the killing fields, they too borrowed ideas. My article was less concerned with this lot than the propagandists who did the rationalization, and whose demonization of the "offending" ethnic groups triggered action not just among the militia but also among ordinary people. One does not have to go as far as Daniel Goldhagen has gone in *Hitler's Willing Executioners* to appreciate the impact on ordinary people of hate-making and fear-mongering by intellectuals wherever ethnic extermination is attempted.

I accept the evidence Schatzberg provides about the role of the churches as accessories to the killing; this applies especially to the Catholic Church, the largest denomination in Rwanda. I wish I had had the space for it. But it is all grist to the mill of the intellectual propagandists; many of the Hutu clergy (an educated and historically respected elite) became partisans in preaching race hatred, and their flock took the cue from them. With respect to the clergy in Kenya, Schatzberg is right that most of them took an early principled stand when the killing began. But as a political scientist I am sure he knows that, in the final analysis, it takes the government—the police, the judicial system—not the church, to stop ethnic cleansing.

Volkogonov's Journey:

THE LATE GENERAL Dmitri Volkogonov richly deserves the tribute paid to him by Neil McInnes in his perceptive article, "Volkogonov's Journey" (Winter 1996/97). Volkogonov, in his books, gave his countrymen an unvarnished picture of Stalinism. But one should not overlook the contribution to the cause of historical truth by the dissenters who wrote before the era of glasnost, most notably that of Roy Medvedev in his harrowing tale of terror in *Let History Judge*.

The American reader should also bear in mind that when he composed the "political portrait of Stalin" (as he describes in his *Triumph and Tragedy*) the general still considered himself a Leninist and, indeed, his evaluation of Stalin's *foreign* policy (e.g., of the Soviet-German pact of 1939) does not stray much from the orthodox pre-perestroika Soviet version. It is only when he began his work on the biography of Lenin that Volkogonov, like Solzhenitsyn, came to see the founder of communism as one who made Stalinism not only possible, but virtually inevitable.

In moral terms he was undoubtedly right: as Gorbachev discovered, one could not combine communism with anything approaching democracy. But the dictatorship that followed Lenin's, whether exercised by a single man or an oligarchy, might well have avoided the extremes of Stalinism: the blood bath of the mass terror, and the enslavement of the peasantry which went by the name of collectivization. A critic of Marxist determinism ought not to substitute for it a determinism of his own. But such qualifications must not detract from the achievement of a courageous man who had the strength to reject the dogmas of his youth and mature age, and who, even when mortally ill, did not slacken in his pursuit of the historical truth.

Adam Ulam
Harvard University

NATO Expansion:

AS ADAM Garfinkle ably pointed out in the Winter issue of *The National Interest*, former Senator Sam Nunn and a number of other prominent Washington-based national security experts have sharply questioned the wisdom of expanding NATO to the old Soviet frontier in present circumstances.

When about to be replaced by the old Soviet era hardliner, Mr. Primakov, Russian Foreign Minister Kozyrev declared that both he and his policies of cooperation with the West had been fatally discredited by the American decision to press for the expansion of NATO.

Subsequently, Russian foreign policy has taken on a distinctly less accommodating tone. A Russo-Sino strategic dialogue has been announced, along with a massive weapons sale and technology transfer element. Russian relations with both Iran and Iraq have been

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improved, including weapons deliveries to the former. Arms reduction treaties have been stalled in the Duma amid a barrage of hostile rhetoric and bluster.

An expansion of NATO would be totally appropriate were Russia today threatening former Warsaw Pact members. But these threats may come in time, as the expansion of NATO generates its own self-fulfilling prophecy of a hostile Russia.

Many Russians remember Hitler's invasion, and before that the Polish attack in the 1920s, Napoleon's visitation in the nineteenth century, and countless border struggles before and since in this vast, restless region. Some Russian military planners view NATO as the potential forerunner of a German-led military alliance in the twenty-first century.

Had the Cold War ended differently, and were the Soviets offering Warsaw Pact membership to Mexico and other Western Hemispheric nations, how credible would Soviet statements be that this expansion of the Warsaw Pact was not directed against the interests or security of the United States?

As Senator Biden and others have suggested, the United States Senate will give the NATO expansion proposal a careful review. The results may not be as automatic as some today believe.

Ambassador Richard McCormack
Undersecretary of State 1989-91

Right the First Time:

IN HIS JUDICIOUS and fair review (Winter 1996/97) of my book *The Dawn of Peace in Europe*, Jeffrey Gedmin makes a point on which I would like to comment. Rightly noting my emphasis on the importance of arms control agreements in what I see as the new, desirable, post-Cold War "common security order" in Europe, he goes on to cast doubt on their long-term viability by citing the unhappy experience with Saddam Hussein's Iraq, which nearly acquired the bomb while ostensibly under the safeguards of the Nuclear Non-Proliferation Treaty. The comparison is invalid. A bomb, or a bomb factory, can be hidden. The European arms treaties cover huge armies that cannot be concealed. Verification in the first case may be compared to finding a needle in a haystack. In the second, effective cheating would be comparable to doubling the size of the haystack and moving it hundreds of miles. This would not go undetected. Whether, under such circumstances, the West would respond appropriately is an important question, which I address in my book.

Because Gedmin devotes much of the review to our disagreement over the wisdom of NATO expansion, an issue discussed in only one of the eleven chapters of my book, let me add that my opposition to expansion is based not on the certainty that the costs would be steep—although they certainly might be—but rather on the conviction that expansion offers no benefits whatsoever and is therefore not worth paying *any* price to achieve. All of the arguments in favor of expansion—that it is necessary for democracy in Central Europe, to contain a neo-imperial Russia, to fill a "strategic vacuum" between Germany and Russia, and to sustain Western credibility by fulfilling a commitment already made—are, in my opinion, unpersuasive.

The best overview that I have seen of the pros and cons of this issue is Adam Garfinkle's essay, "NATO Enlargement: What's the Rush?" published in the same issue of *The National Interest*. In particular, I agree with him that the important question is not how big NATO should be but rather how security in Europe can best be assured. That question is, as it happens, the subject of *The Dawn of Peace in Europe*. □

Michael Mandelbaum
SAIS, Johns Hopkins

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India: Relevant at Last?

Owen Harries

THIS IS A YEAR of fiftieth anniversaries. Soon, and very properly, Americans will be celebrating two decisions that truly deserve the adjective "seminal"—those embodied in the Truman Doctrine (birthday May 15) and the Marshall Plan (June 5). Taken together, these decisions went far toward defining the epoch of global politics that followed.

Less likely to get much attention in coming months is a third fiftieth anniversary, that marking the independence of India and Pakistan on August 15, 1947. In its way, though, it is as historically significant as the other two.

The achievement of independence by the Indian subcontinent marked the effective end of the age of European imperialism. Its symbolic significance was enormous: If, in the immediate aftermath of its triumph in the Second World War, the greatest of Western empires was unable to maintain possession of the jewel in its crown, the clear message to the other European colonial powers—nearly all of them recently defeated and occupied in war—was that the game was up. A wholesale, rapid, and somewhat indecorous retreat followed. Within two decades there was scarcely a Western colony left, the number of independent states had trebled, the "Third World" had been invented—and, in retrospect, we were left wondering by what feat of legerdemain had a small number of European states managed to impose their will for so long on such a large segment of the world.

India was the first Third World country and it remains the greatest and most interesting of them. But it has never seized the American imagination—as over the last hundred years its great neighbor, China, so conspicuously has—and it has never figured large in Washington's political and strategic calculations.

In one respect this is very odd. The United States and India are the world's two largest democracies. Despite having a bigger population than the whole of Africa, and despite the fact that that population is riven by religious, linguistic, regional, and caste differences (and that half of it is illiterate), India has maintained—with occasional lapses—a functioning parliamentary system, an independent judiciary, a free press, and civilian control of the military. But although this is something that virtually all other Third World states have signally failed to do, and though promoting and sustaining democracy abroad is frequently identified as a major American foreign policy concern, India's conspicuous success in this regard has attracted little American attention or praise. Instead, the American attitude toward India over the last five decades can fairly be described as a variable mixture of indifference and impatience.

It has to be said that in traditional foreign policy and strategic terms this treatment

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has not been entirely undeserved. A combined diet of Hinduism, the London School of Economics, and Kingsley Martin's *New Statesman* proved to be a bad preparation for conducting foreign policy, and against all the odds the Indian political elite managed to make their country largely irrelevant in world politics. They made three serious mistakes. First, they failed to secure their back door and have thus remained preoccupied with the threats posed by Pakistan and China, and unable effectively to project their energy outward. Second, for many years they put their money on the Nonaligned Movement, of which they were one of the founders. This was not only an intrinsically unsatisfactory instrument, but one which, because of the one-country-one-vote rule, was increasingly dominated by smaller, but more numerous and united, African states who were unimpressed by the claims of moral leadership emanating from Delhi. Third, insofar as they moved away from Cold War non-alignment, they chose the wrong side, entering into something resembling de facto alliance with Moscow. This they did partly to counter a perceived threat from China, partly out of resentment at the U.S.-Pakistan connection, but also partly as a matter of ideological—that is, "socialist"—preference.

The same ideological preference made India less interesting than it should have been to Western economic interests. From the beginning—and bear in mind that that beginning coincided with the heyday of Fabian socialism, as represented by the Attlee government in Great Britain—the Indian political elite opted for central planning, public ownership, tight regulation, and protectionism. As a result its economy lagged, its foreign trade remained modest, and it was both inhospitable and unattractive to foreign investment.

GIVEN THE combination of past neglect and upcoming anniversary, the appearance of a report prepared by a Council on Foreign Relations task force on *A New U.S. Policy Toward India and Pakistan* is timely. The chairman of the group was Richard Haass and its project director Gideon Rose, both of whose names will be familiar to *National Interest* readers.

The new policy in question is thought to be needed because the international situation has altered radically, and, the report argues, because the status of the two countries is in the process of changing. On the one hand, Pakistan is in imminent danger of becoming a failed state; on the other, India is at last demonstrating something that, with different policies, it might have shown much earlier: the potential to become a full-fledged major power. The report's prescriptions concerning policy toward the two countries are strikingly different. In the case of Pakistan there is simply modest advice to "restore normalcy and close working relations"; in the case of India there is the much more ambitious conclusion that "the time is propitious for the United States to propose a closer strategic relationship", and that "the United States [should] adopt a declaratory policy that acknowledges India's growing power and importance", as well as take a number of significant practical steps to give the relationship real substance.

What justifies the conclusion that "the time is propitious" for such a major change of policy? Two things, one domestic and the other international. First, in recent years India has at last begun to modify its *dirigiste* economic policies—lowering tariffs, reducing restrictions on foreign investment and ownership, engaging in a modest amount of privatization. There is still a long way to go, and the obstructive powers of the Indian bureaucracy remain formidable. But over the last seventeen years the annual growth rate has averaged over 5 percent and the Indian economy has become progressively more interesting to the West.

Second, U.S. geopolitical interests in Asia have changed in ways that enhance India's importance. The report does not say much about the rising power of China, but it is very much there between the lines, and it, more than anything else, is what enhances

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the strategic importance of a well-armed and increasingly prosperous India in the eyes of those Americans who see the containment of China as the central mission of U.S. foreign policy in its next phase. Additionally, the rise of a militant and intolerant Hindu nationalism in India in recent years, and the tension it has generated with the Islamic states to the west, cause India to be seen by some Americans as a potential ally against Islamic fundamentalism. As China develops closer relations with Islamic states, it is argued, so it makes sense for the United States to enter into a partnership with India.

Four years ago in these pages, Ross Munro launched an all-out attack on the idea of such a U.S.-Indian strategic partnership. He argued that "such an alignment would imperil U.S. interests, not advance them", and that an ally as weak and vulnerable as India would be "not an asset but a burden."[1] Part of his opposition was based on extreme skepticism about India's economic reforms and their prospects, part on the belief that such an alliance would polarize the region and drive moderate Muslims toward militant Islam. Implicit was the belief that the United States would become hostage to an India that had unrealistic ambitions and an effortless capacity to alienate its neighbors.

There is no acknowledgment of the existence of such arguments, let alone an attempt to confront them, in the main body of the Haass-Rose report, which makes it an intellectually less interesting document than it might have been. A possible reason for this omission emerges when one turns to the unusually large number of "Additional and Dissenting Views" that accompany the main report.

Most of these views are very friendly to India and strongly endorse the proposal of a strategic partnership with it. Their criticism is focused on the other central concern of the report, that of nuclear proliferation. India and Pakistan are now de facto "nuclear weapons-capable" states. The report argues that the U.S. government should give up trying to reverse that status, both because success is unlikely and because it has the effect of constricting bilateral relations at a time when they need to be developed. Instead, the report maintains, the United States should work to establish "a more stable and sustainable plateau for Indian and Pakistani nuclear relations"—in other words, it advocates attempting restraint rather than rollback.

One would have thought that this would be perceived as a conclusion highly favorable to India. But the interesting thing is that most of the dissenting views—one of them signed by five members of the panel—do not criticize the report for being too generous toward India on the proliferation issue but for being too harsh, as its recommendations, if implemented, would put India at a permanent disadvantage with respect to the full-fledged nuclear weapons states. (At the same time most of the dissenters favor a much tougher line toward Pakistan, ostensibly on the not very compelling ground that, unlike India, it has imported some of its nuclear technology.) Given the evident strength of this pro-Indian point of view on the panel, it is reasonable to speculate that it might have been impractical to rehearse a strong anti-Indian case in the report.

THAT SAID, it must be acknowledged that on the particular issue of proliferation—as it refers to both India *and* Pakistan—the central argument of the dissenters has force. As they say, "the entire effort of the United States to establish universal nonproliferation regimes that indefinitely perpetuate the inequality between the nuclear weapons states, including China, and non-nuclear weapons states, including India, is designed to relegate India to second-class status." In the absence of any sign that the United States or any of the other four nuclear forces intend to honor Article VI of the Nuclear Non-Proliferation

[1]Ross Munro, "The Loser: India in the 1990s", *The National Interest* (Summer 1993), p. 63.

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Treaty by moving to reduce and ultimately eliminate their nuclear arsenals, such efforts amount merely to an attempt to perpetuate a five-power nuclear monopoly. They can claim no moral force—no disinterested concern for the "common good"—and while it might be possible to force India to comply by political pressure, there is no reason why the government in Delhi should do so voluntarily. In the negotiations on the Comprehensive Test Ban Treaty, it made it clear that it will not, even if this means standing alone.

In this respect, what I believe the report's treatment of the proliferation issue inadvertently, but usefully, underlines is the difficulty—indeed the impossibility—of reconciling the role of the U.S. government as the protector and promoter of American interests, and the aspirations some have that it should be the disinterested custodian and arbiter of an impartial world order. As the country searches for a foreign policy appropriate to a new era, that is a lesson with an application far beyond the Indian subcontinent. It is one that events are likely to teach us long before the NPT celebrates *its* fiftieth anniversary. □

A Man for all Seasons

The cultural power of the Luther image has been recognised and mocked since the Dadaists after the first world war. For some of them, Luther was an authoritarian figure, akin to Hegel and Bismarck, whom they also blamed for German militarism. Hugo Ball complained that Luther had contributed to 'the systematisation, the cretinisation of Germany' and blamed the refusal of Germans to embrace art and life on the prominence of the written word in the wake of the Gutenberg Bible. In 1918, the *Berliner Illustrierte Zeitung* featured a photo-montage of Hindenburg's head above a Lutheran collar after an engraving by Cranach. Luther also featured as an infantry soldier with an Iron Cross on his breast. Yet no German, then as now, can escape the influence of Luther. Nietzsche derived his prose style from the Lutheran Bible, and his lusty delight in describing bodily functions is recreated in some of the novels of Günter Grass.

The Dadaists, strongly influenced by the Russian Revolution and Bolshevik theories of collectivism, would have been intrigued by the fate of their villain in East Germany. The communists were unenthusiastic about commemorating any religious figure in German history in an atheistic state. But Luther's image as a brave, anti-authoritarian figure remained a powerful one, and after the foundation of the German Democratic Republic in 1949 the Lutheran Church became a focus of opposition to the state. . . .

The image of Luther peddled in Germany now is no less representative of the current requirements of a German state—this time, one which is still accustoming itself to a unified existence. For a German political class seeking to reach a new, acceptable understanding of national identity, he is the ideal hero, removed far enough in time for his virtues to be celebrated and those traits and views less acceptable to modernity to be airbrushed away with barely a protest.

A century ago, the Swiss writer Jakob Burckhardt complained about the attempts to put Luther to work in the service of any cause. 'Who are we to demand of Luther and the other reformers that they should fulfill our wishes?' he wrote. 'This is the Luther who existed. We must take him as we find him.' The experience of the last 450 years suggests that this is the one approach with no hope of vindication.

—Anne McElvoy in *The Spectator* (London), January 11, 1997

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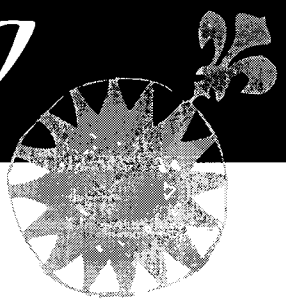

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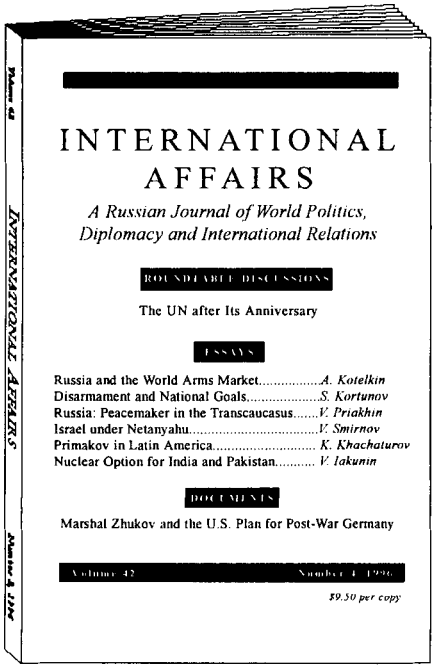
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